



**(qp) global family offices**

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# QP Global Family Offices, LLC Part 2A of Form ADV The Brochure

## QP Global Family Offices, LLC

150 East 52nd Street, 10th floor  
New York, NY 10022  
(646) 828-8885  
[www.qp-global.com](http://www.qp-global.com)

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This brochure provides information about the qualifications and business practices of QP Global Family Offices, LLC. If you have any questions about the contents of this brochure, please contact us at 646-828-8885. 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. QP Global Family Offices is an SEC registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## Material Changes

Since QP Global Family Offices' initial Form ADV Part 2 brochure on March 20, 2019, we note the following material changes to this Brochure:

### Amendments to Form ADV Part 2A, Disclosure Brochure

Fees and Compensation: We have updated this section to indicate we charge a fixed annual fee negotiated with each client.

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## Advisory Business

QP Global Family Offices, LLC ("QP Global", "(qp)", "we", "us", or the "firm") offers a bespoke family office services platform to a limited number of families of significant means. Services include, but are not limited to: wealth management, risk management, direct private investments, education, succession planning, aggregated reporting, record keeping, trust & estate work, tax planning, cash flow management and budgeting. The overarching objective for QP Global is to serve as each family's single family office. QP Global is a Delaware limited liability company organized in December, 2017 by two of the firm's Managing Members, Peter Pauley and Brendan MacMillan, who are also the firm's principal owners.

We serve a limited number of family clients and each family may own and/or control multiple accounts including trusts, foundations, limited liability companies and family limited partnerships to which we will provide investment advisory and other services. QP Global will advise a family

on all of these entities on their behalf on either a discretionary or non-discretionary basis. The relationship with each family is governed by a Master Service Agreement which is executed by both QP Global and the relevant family. Such Master Service Agreement may impose reasonable restrictions on the types of investments that may be made by QP Global for the relevant family client. For example, restrictions may require us to exclude or restrict the trading of specific securities and/or certain industries or types of securities.

As disclosed in our Form ADV Part 1, QP Global managed approximately \$337,287,052 (as of December 31, 2018) in client assets on a non-discretionary basis. QP Global does not manage any client assets on a discretionary basis.

## **Fees and Compensation**

The firm will charge a fixed annual fee for investment advisory services which will vary for each family based upon on a number of factors unique to each family, including the type and complexity of assets and the advisory services offered. Client fees are generally billed quarterly in advance, based upon the negotiated fixed fee in the advisory contract. QP Global may also charge additional fees on a project or hourly rate for agreed upon services with each family. All additional services will be negotiated and agreed upon with the family in advance. Families that use QP Global's aggregated reporting services for analysis of assets not managed by QP Global may incur an additional service fee, which we will determine in advance and will be included in the Master Service Agreement. These fees may be waived at QP Global's discretion.

If a client terminates its account or the applicable Master Service Agreement with QP Global, such client may do so with 180 days' prior notice. In such situations, any pre-paid fees will be refunded based on daily pro-ratio of the fee that was billed or based on such other terms and conditions as set forth in the applicable Master Service Agreement.

### **Fees Charged by Financial Institutions, Custodians and Third Party Managers**

QP Global's clients will pay the costs and expenses, determined by the firm as necessary, advisable or appropriate to reach each client's investment objectives. The fees and expenses could include; management fees, custodial fees, accounting, brokerage commissions, clearing fees, interest on margin accounts, borrowing charges and other cost and expenses in connection with the family's account/accounts.

All fees paid to QP Global for investment advisory services are separate and distinct from the fees and expenses charged by brokers and third party managers. Neither QP Global, nor any of its principals or employees, share in any portion of these fees, commissions or costs. Please see page 7 of the Brochure regarding Brokerage Practices.

### **Special Project Fees**

Some clients may desire special services that are not part of QP Global's traditional investment advisory services. These projects may include: disposing of certain business assets, acquiring new businesses, investment projects, debt restructuring, finance negotiations, paying bills, arranging lines of credit or otherwise assisting with a family's finances. QP Global shall agree with the relevant family on the fees and expenses to be billed for such services.

## **Performance Based Fees and Side-by-Side Management**

QP Global does not currently charge performance-based fees or other fees based on a share of capital appreciation of a client's assets.

## **Types of Families Served**

QP Global provides bespoke family office services and highly customized wealth management advice to a limited number of family clients, which may be comprised of high-net-worth individuals, their family members, trusts, estates, foundations, corporations, family partnerships and limited liability companies.

We typically have a minimum account size of \$200,000,000, although we may waive the minimum investment requirement. QP Global does not expect to have more than twenty families as clients.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

QP Global takes an investment-centric approach to a family's wealth. We seek opportunities in all asset classes and aggregate the best ideas into highly customized portfolios. The entire (qp) team engages with the family at each stage of the process, to whatever degree each family desires or requires. The process is begun by creating a family investment policy. We focus on understanding the family's attitude towards risk, investment horizon, liquidity preferences and reviewing their tax status to set a targeted real return for each of their portfolios. This process is very collaborative with each family. Upon completion of the investment policy, QP Global develops an asset allocation model taking into account the current opportunity set within each asset class and modeling out the expected asset class returns against defined risk measures. Each portfolio could have any combination of third party managers (hedge, long only, private equity), passive market investments made directly by QP Global, portfolio and macro hedges, currency hedges and direct investments in private companies. As each portfolio is created we analyze risk and correlation across the portfolio on medium and long term time horizons, with a deep belief that families of significant means have a distinct advantage over most investors through their ability to arbitrage time.

Our overarching focus is on the preservation of capital, in real terms over very long periods of time, while achieving a client's specific set of financial objectives, which (qp) helps determine from a continuous series of meaningful conversations with family members, knowing that objectives may change over time. We help families better preserve their capital through a holistic approach that has clear purpose, and which is expressed through customized, dynamic asset allocation, sophisticated risk management and superior investments. We manage a family's wealth through the framework of three distinct segments:

## **Security**

Sleep at night: Preserve and protect lifestyle against short-term risks.

- Cash, insurance & place to live
- Liquidity for the unexpected
- Hedging and shorting to reduce risk and volatility
- Time horizon less than two years
- Safety over return
- Human capital

## **Maintaining Purchasing Power**

Stay wealthy: Maintain lifestyle over the long run in real terms with high confidence:

- Accept risks to maintain purchasing power over long time horizon
- About the journey (living through ups and downs)
- Diversification (a free lunch)
- Portfolio of superior managers with risk overlay
- Minimize drags (fees, taxes) to maximize compounding and chance of success

## **Enhancing Wealth**

Enhance: Investments that did or could materially enhance lifestyle:

- Concentrated ownership
- High risk ventures in measured ways
- Withstand failure for big payoffs
- Often measured in non-monetary ways

## **Risk Management**

Depending on the securities bought and sold or strategies employed with respect to a client's account, such account may face a number of potential risks and each client should be prepared to bear the risk of loss with respect to such account. The assets in a client's account are not guaranteed and may lose some or all of their value.

Each portfolio that we oversee for the families we advise is continuously assessed along multiple risk variables, including but not limited to; asset class risk, interest rate risk, market risk, liquidity risk, currency risk, sector risk, country risk, concentration risk, negative gamma events, correlation risks and historical scenario analysis. A significant component to QP Global's investment process is to utilize custom built risk analytics to understand the underlying risks in each portfolio that we manage. Moreover, for the family clients looking to reduce risk in certain periods, we will develop and implement custom risk management programs leveraging option structures, swaps, CDS, short securities portfolio, other risk management tools and bespoke overlay strategies that specifically mitigate the risks aggregated in that family's assets, as we determine. This would include, if appropriate, both tail hedges constructed and executed by QP Global and by third-party managers and security specific risks that can be directly offset from over-the-counter securities. We look at risk across the temporal frontier and across risk towers to ensure that all available pertinent perspectives are incorporated into a family's risk management program and that we have reduced risk, as cost efficiently as possible and still meet a family's goals, objectives and tolerances.

## **Disciplinary Information**

None.

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

QP Global is not registered as a broker-dealer and does not have a pending application to register as such. QP Global and its principals and employees do not have any relationships or arrangements with other financial services companies that pose any material conflicts of interest.

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

QP Global has a fiduciary obligation to the families that it advises. All investment activities of the firm, the principals, employees and officers of QP Global are subject to this fiduciary obligation of care to the firm's clients.

QP Global has adopted a Code of Ethics which sets forth high ethical standards of business conduct required of the firm's employees, including compliance with all applicable federal securities laws. QP Global's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports for each of the firm's access persons.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the client first,
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics, and
- Employees should not take inappropriate advantage of their position.

In addition, employees may not participate in any initial public offering or engage in any outside business activities or private placements before obtaining authorization from the Chief Compliance Officer.

All QP Global employees must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the Chief Compliance Officer. These records are used to monitor compliance with the foregoing policies.

QP Global's Code of Ethics is available upon request.

## **Brokerage Practices**

QP Global has discretionary authority over the placement of clients' brokerage trades (and the commission rates that are paid). In selecting broker-dealers to effect portfolio transactions for the Funds, QP Global uses its best judgment to choose broker-dealers most capable of providing best

execution on an overall basis. In determining what is in a client's best interest in this respect, QP Global will consider the available prices and rates of brokerage commissions, and other relevant factors including, without limitation, execution capabilities, the value of ongoing relationships QP Global may have with various broker-dealers and research and other services, as defined in Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Section 28(e) of the Exchange Act provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain research and brokerage products and services (commonly referred to as a "soft dollar" arrangement) and allows soft dollars generated by one client to be used to service accounts other than such client. That practice involves a conflict of interest, but Section 28(e) of the Exchange Act provides that an adviser will not breach its fiduciary duty to a client if the products and services consist of "research" or "brokerage" and certain other conditions and requirements are met.

Although QP Global does not currently participate in any soft dollar arrangements, QP Global may receive equipment, subscriptions and reimbursement for professional memberships from broker-dealers, and may purchase research and other services directly from vendors, obtaining reimbursement from broker-dealers. The commissions paid to a broker-dealer may exceed the amount of commissions another broker-dealer would charge for the same transaction. Such research and other services, moreover, may be available to QP Global on a cash basis. Accordingly, clients of QP Global will be deemed to be paying for research and brokerage products and services with "soft" or commission dollars. The use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. QP Global will be required to determine, in good faith, that the amount of commissions paid is reasonable in relation to the value of the brokerage, research and other services provided by the broker-dealer, viewed in terms of either the particular transaction or QP Global's overall responsibilities to all of its clients. The research and other services provided may relate to a specific transaction placed with the broker-dealer, but for the most part will consist of a wide variety of information useful to the assets of the clients and QP Global. Where a product or service obtained with soft dollars provides "mixed-use" research or brokerage, QP Global will make a reasonable allocation of the cost that may be paid for with soft dollars.

QP Global believes it is important to its investment decision making processes to have access to the aforementioned research and brokerage products and services, but certain conflicts of interest exist. By using commissions paid by one or more clients' accounts to obtain such products and services, QP Global receives a direct benefit because it does not have to produce or pay for the products and services itself. QP Global has an incentive to select a broker based on its own interest in receiving such products and services and what proprietary and third party products and services a broker can provide, rather than a client's interest in paying the lowest available commission. In addition, QP Global will use soft dollar benefits to service all clients, regardless of which client paid for such benefits, and will not seek to allocate soft dollar benefits to a client proportionately to the soft dollar credits that client generates.

### **Trade Errors**

QP Global seeks to detect trade errors and to correct and mitigate them in an expeditious manner. Any gains from trade errors will be kept by the applicable client's account while any losses from

trade errors (other than those due to gross negligence, fraud or willful misconduct) will be absorbed by the applicable client's account.

### **Aggregated Trades**

QP Global may (but is not required to) combine orders on behalf of one family account with orders for other family accounts for which it or its principals have trading authority. When it does, the firm will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. We believe combining orders in this way will, over time, be fair to all participants. However, the average price could be less advantageous to a family than if that family had been the only account effecting the transaction or had completed its transaction before the other participants.

QP Global may place orders for the same security for different families at different times and in different relative amounts based upon differences in each accounts investment objectives, size of order and ability of participating in "block" transactions. The level of participation by different families in the same security may also be dependent upon other factors relating to the suitability of the security for a particular family or account.

### **Directed Brokerage**

If a family instructs QP Global to execute some or all transactions through a specific broker, it should be understood that under those circumstances, we will not have the authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. Additionally, under these circumstances a disparity in commission charges may exist between the commissions charged to other families since QP Global may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

### **Review of Accounts**

QP Global monitors the underlying securities, third-party managers and private investments that we selected for each family's account on a regular basis and meets with each family at least quarterly to review for consistency with the family's investment policy and performance relative to the appropriate and agreed upon benchmark. Reviews may be conducted on a more regular basis at the family's request. The frequency of the reviews are generally driven by the family's circumstances, changes to a members financial situation or assets and investments that the family currently hold or are being proposed to them to be held.

The family's custodians provide them with monthly reports showing the assets in each of their accounts, the market value and each account's performance for that period. In addition, QP Global will provide periodic reports which will detail investment activity, holdings, portfolio performance, risk management, comparisons of current allocations to target allocations and market overview. Certain third-party managers may provide additional reports which will also be shared with families. Additional reports can be provided to families upon request.

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

QP Global does not compensate third parties for client referrals.



## **Custody**

QP Global's practice is not to have custody of family's assets, which such assets will be placed with a qualified custodian. Our family clients will receive account statements directly from the applicable qualified custodian and each such client should carefully review those statements. QP Global's reports to each family are prepared in part using statements from underlying managers and/or custodians. QP Global encourages families to compare the reports from QP Global with the statements received from qualified custodians.

## **Investment Discretion**

For family clients that grant QP Global discretionary authority to determine which securities and/or third-party managers to allocate assets to and the amounts of securities to be bought and sold for their accounts, QP Global requests that such authority be granted in writing, typically in the client's executed Master Services Agreement.

If a family wishes to impose limitations on this discretionary authority, such limitations shall be included or added to the Master Services Agreement. Families may change or amend these as desired. Changes must be submitted to QP Global in writing.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, QP Global has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that QP Global receives will be treated in accordance with these policies and procedures.

QP Global's authority to vote proxies for clients is established by the client's Master Services Agreement. QP Global has established proxy voting policies and procedures and the Chief Compliance Officer oversees the proxy voting process. The proxy voting procedures are designed to ensure that proxies are voted in the best interest of the clients. In addition, the proxy voting policy includes guidelines for the Chief Compliance Officer to follow if a material conflict of interest arises between QP Global, its employees, and/or its clients to ensure that any material conflict is resolved in the best interest of the client.

A copy of QP Global's proxy voting policies and procedures, as well as specific information about how QP Global has voted in the past, is available upon written request.

## **Financial Information**

QP Global does not require or solicit prepayment of fees six months or more in advance.

QP Global has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.