

# ADV BROCHURE

**SELECTIVE CAPITAL Ltd.**

**Doing Business as**

**SELECTIVE ADVISORS**

[www.selectiveadvisors.co.uk](http://www.selectiveadvisors.co.uk)

Company registered in The Seychelles, Suite 9, Ansuya Estate, Revolution Avenue, Victoria,  
Company Registration No. 89324

**Main Business Office:**

169A Floreasca Avenue, floor 4, 1<sup>st</sup> District, Bucharest 014472, Romania

*This brochure provides information about the qualifications and business practices of Selective Advisors. If you have any questions about the contents of this brochure, please contact us at +40 31 860 22 60. 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.*

*Additional information about Selective Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) The searchable IARD/CRD number for Selective Advisors is **164589**.*

***The date of this Brochure is March 26, 2019***

Item 2: Summary of Material Changes

**Selective Advisors** is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update previous Brochure of Selective Capital Ltd. Dated March 26, 2018.

There is no material change to report from the last published Brochure.

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## Item 4: Advisory Business

**A. Description of our advisory firm:**

Selective Advisors provides investment advice to individuals, high net worth individuals and corporations. Company was founded in 2011, it is incorporated in Seychelles and main business office is in Bucharest Romania:

169A Floreasca Avenue, floor 4, 1<sup>st</sup> District, Bucharest 014472, Romania

Owner of the company is:      Serban Radu Florea      100% of the shares

As used in this brochure, the words "we", "our" and "us" refer to Selective Advisors. The words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

**B. Description of the advisory service we offer:**

We offer to our clients portfolio management services. We emphasize continuous and regular account supervision. As part of our portfolio management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), closed end funds (“CEFs”), mutual funds, options and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. We have a personalized service in the sense that we build up our customer’s portfolio subject to their risk tolerance and we periodically adjust it to step by step meet that tolerance.

Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

With our clients we have exclusively discretionary accounts.

When you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. Clients may request restrictions on investing in certain securities or types of securities. We will review the feasibility of such restrictions, and inform the client as appropriate.

As of 31/12/2018, we managed a total of \$ 1,039,205.21 assets on a discretionary basis.

### **C. Investment Programs proposed to our clients**

Selective Advisors is proposing to clients two investment programs:

#### **C.1.) Stocks, Bonds, Exchange Traded, Closed End and Mutual Funds Program**

Taking into consideration the customer's investment goals and objectives we set out the decision-making processes for selecting the optimal mixture of investments. This is obtained by adjusting between capital appreciation and income in the allocation of financial instruments in order to generate customer's suitable return-risk ratio.

**Selection** of equities would include small, mid and large capitalized companies or stock funds such as:

Value Stocks - lower price (undervalued) relative to its fundamentals (i.e. dividends, earnings, sales, etc.)

Growth Stocks - shares in a company whose earnings are expected to grow at above-average rate relative to the market.

Blend Funds - equity funds with portfolios that are made up of a mix of value and growth stocks

Emerging Market Funds - includes assets in the financial markets of a single developing country or a group of developing countries in Eastern Europe, Africa, the Middle East, Latin America, the Far East and Asia

**Selection** of fixed income instruments would include corporate bonds, short and medium term bond funds, high yield bond funds, emerging market bond funds.

#### **C.2.) Options Strategies Program**

**Selection** of equity asset classes used as underlying of the option contracts is made after a thorough research analysis of different investment assets. These options would include equity options where the underlying asset is a stock of a company, an index or an exchange traded fund, if certain liquidity criteria is met.

A medium term target is projected and this is followed by a careful **selection** of contracts which consider strikes and expiries able to deliver quantifiable risk and increase chances for a high reward/risk ratio. Vertical, diagonal and horizontal spread strategies would be an important part of this program, but also for supplemental income, covered calls accompanied or not by short naked puts could be used.

Please see the section titled “Item 8 Methods of Analysis, Investment Strategies and Risk of Loss” for more information on various relevant analysis factors, explanation of option transactions and margin transactions.

### Item 5: Fees and Compensation

For our advisory services we will charge our customers 1.5% (negotiable with each particular customer) per year applied to the **customer’s account Net Liquidation Value**, considering the followings:

Customer will open a single account with the Broker-Dealer/Futures Commission Merchant/ Interactive Brokers LLC and this account will be used for all three trading programs that Selective Advisors is offering (i.e. Intra-day Trend seeker\* - **futures program that this Brochure does not refer to**, and the other two programs mentioned in the Item 4: Advisory Business in Section C: Options Strategies and Stocks, Bonds, Exchange Traded, Closed End and Mutual Funds)

Ex: account value of USD 100 000- with the following distribution over the trading programs:

Intra-Day Trend Seeker	USD 20 000-
Options Strategies	USD 30 000-
Stocks, Bonds, Exchange Traded, Closed End and Mutual Funds	USD 50 000-

The amount allocated to each program will be specified in the Advisory Agreement.

Net Liquidation Value =

= Total cash Value (transactions fees and commissions are deducted from the cash value)  
 + short term stock positions P&L (for open positions)  
 + stock value + bond value + mutual funds/ETFs value  
 + securities options value

Management fee of 1.5% per year will be calculated on a daily basis by applying the percentage to the end of the trading day Net Liquidation Value.

Management fee as percentage of the Net Liquidation Value entered as an annualized percentage (1.5% per year) will be applied on a daily basis (252 business days are applied in this calculation method).

Specified 1.5% of The Net Liquidation Value as an annualized percentage, and client's day ending account value = USD 100,000.

Management fee for the given day will be:  $1.5\% \times \text{USD } 100,000 / 252 = \text{USD } 5.95$ .

Fees are deducted directly from the client's account(s) daily through the custodian or broker-dealer/Interactive Brokers that holds the client's assets. No fees are collected in advance of service. In addition to our fee, each client is responsible for paying any transaction costs associated with purchasing and selling securities, including mutual funds, as part of the fee based service. Selective Advisors 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 investment 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.

Please see the section titled "Item 12: Brokerage Practices" for more information on the firm's brokerage practices.

Percentage of the total management fee that will influence the performance of the Option Strategies and Stocks, Bonds, Exchange Traded, Closed End and Mutual Funds programs and will be the percentage of the initial deposit used for those programs. (in the example  $(\text{USD } 30,000 + \text{USD } 50,000) / \text{USD } 100,000 = 80\%$ ; if a Management fee of USD 1,500 is paid in one year,  $80\% \times \text{USD } 1,200$  will influence the performance of the Option Strategies and Bonds, Stocks, Mutual Funds/ETFs programs).

Any future withdrawals or new deposits will be recorded by addendum to the Advisory Agreement and would be reflected in the Total cash Value component of the Net Liquidation Value.

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

We do not charge performance-based fees to our clients.

### Item 7: Types of Clients

We offer investment advisory services to individuals, high net worth individuals, corporations and other business entities.

#### **Minimum Account Size**

We have established account minimums at \$50,000 although we will occasionally make exceptions for friends, relatives or business associates of current clients.

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

We may use one or more of the following methods of analysis or investment strategies when providing portfolio management service to you:

**Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

**Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Short Sales** - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.



**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Option Transactions** - an option is a financial instrument that establishes a contract between two parties concerning the buying or selling of an asset at a reference price during a specified time frame. During this time frame, the buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset, while the seller incurs the obligation to fulfill the transaction if so requested by the buyer. The price of an option derives from the value of an underlying asset (commonly a stock, a bond, a currency or a futures contract) plus a premium based on the time remaining until the expiration of the option. Other types of options exist, and options can in principle be created for any type of valuable asset.

In return for granting the option, called writing the option, the originator of the option collects a payment, the premium, from the buyer. The writer of an option must make good on delivering (or receiving) the underlying asset or its cash equivalent, if the option is exercised.

We may use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. The underlying asset of the option does not have to be the security from your portfolio and we might use correlations in order to find the most appropriate underlying asset used for hedging with options.

We may use "covered calls", in which we sell an option on a security you own accompanied or not by short naked puts in order to generate extra income. In this strategy, you receive a premium for making the option available, and the person purchasing the option has the right to buy (for covered call) or to sell (for naked put) the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

#### **Investment Strategy/Methods of Analysis - Material Risks**

Client assets are advised in portfolio management using Charting and Technical Analysis, Fundamental Analysis and Cyclical Analysis.

The risks in using these methods of analysis are as follows:

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

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

As disclosed under the "Advisory Business" section in this Brochure, we offer advice on many types of securities in the two programs proposed to our clients. You should be advised of the following risks when investing in these types of securities:

Mutual funds and exchange traded 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 and ETFs 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.

Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, 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 do charge such fees which can also reduce returns.

Funds can also be "closed end" or "open end". So-called "open end" funds continue to allow in new investors indefinitely which can dilute other investors' interests. A "closed end" fund is issued with a fixed number of issued shares traded on an exchange. Because the supply of shares is limited, the shares will rise and fall in value according to supply and demand, like ordinary company shares.

Options give an investor the right to buy or sell a stock at some future time at a set price. Options are complex investments and can be very risky, especially if the investor does not own the underlying security. In certain situations, an investor's risk can be unlimited.

### **Risk of Loss**

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.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Diversification:** Allocation among different asset classes does not guarantee a profit or protect against risk of loss.
- **Equities:** The price of a given company's stock could decline or underperform for many reasons including, among others, poor management, financial problems, or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless.
- **Fixed Income:** Fixed income products are affected by a number of risks, including fluctuations in interest rates, credit risk, and prepayment risk. In general, as prevailing interest rates rise, fixed income prices will fall. Bonds face credit risk if a decline in an issuer's credit worthiness causes a bond's price to decline. Finally, fixed income products may be subject to prepayment risk; when interest rates fall, a borrower may choose to borrow money at a lower rate, while paying off previously issued bonds. High yield bonds are subject to additional risks, such as increased risk of default and greater volatility.
- **International Investments:** International investing may not be suitable for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

- **Market Capitalization:** Stocks fall into three broad market capitalization categories - large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stock of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared with larger companies. As a result, stock of mid- and small-capitalization companies may decline significantly in market downturns.

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. Also you should be aware that investments will be issued and redeemed in dollars and euro. Your assets may be invested in securities and other investments that are denominated in other currencies. Accordingly, the value of a dollar or euro investment may be affected favorably or unfavorably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the dollar or euro should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the dollar or euro and such other currency.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Item 9. Disciplinary Information**

Neither our firm nor any of our management persons have been involved in any legal or disciplinary proceedings during the past 10 years that is material to a client's (or a prospective client's) evaluation of our advisory business or the integrity of our management. Specifically, there have been no criminal or civil actions involving our firm or our management persons, there have been no administrative proceedings before the United States Securities and Exchange Commission or any other foreign, federal or state regulatory agency, and there have been no proceedings by a self-regulatory organization involving our firm or any of our management persons.

**Item 10: Other Financial Industry Activities and Affiliations**

Selective Advisors has withdrawn as NFA member approved and Commodity Trading Advisor (CTA) registered since 11/03/2011 with NFA ID 0435595. In its capacity as CTA, Selective Advisors used to offer to his clients the program of trading futures which was complementary to the securities programs proposed in this Brochure. Effective on 30/12/2017 Selective Advisors has withdrawn its membership in NFA and as CTA.

**Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading****Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the number listed on the cover of this brochure.

**Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

**Item 12: Brokerage Practices**

Selective Advisors requests its clients to open an account with Interactive Brokers to be managed by us. Interactive Brokers LLC, member FINRA/SIPC/NFA ("Interactive Brokers"), an unaffiliated with us, SEC-registered broker-dealer and FINRA member. Interactive Brokers offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Interactive Brokers has been selected based on their commission rates, execution capabilities, settlement, record keeping capabilities, trading platform and administrative infrastructure.

Upon signing the investment advisory agreement, Selective Advisors will assist the client with opening an account with Interactive Brokers. Interactive Brokers commission rates charged to the client is believed to be among the lowest available. Interactive Brokers is the only online broker Selective Advisors can find that sends trades directly to exchange and reports back execution exchange for each traded share, hence its execution price is less likely manipulated by broker. Selective Advisors believes that the total commission and fee cost to the client is among the lowest available from any brokerage.

**Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Brokerage for Client Referrals**

We do not receive client referrals from brokers.

**Directed Brokerage**

We will use Interactive Brokers LLC for custody and brokerage services for accounts that are fee based. With the use of Interactive Brokers for brokerage executions, we generally will not accept other directed brokerage requests from clients, and cannot guarantee best execution in securities transactions beyond what can be obtained through Interactive Brokers.

**Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs.

**Item 13 Review of Accounts**

We review accounts on at least a quarterly basis for our clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Serban Radu Florea, Chief Operating Officer of Selective Advisors performs reviews of all investment advisory accounts.

Brokerage statements are sent directly from the brokerage firm, typically in electronics format, and are typically sent monthly. The statements list the account positions, account activity, and other related and relevant information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Additionally we would send to the clients on a weekly basis a brief Statement which would show weekly performance, year to date performance (or since account opening date if this date is after the last reported fiscal year) per each program presented in "Item 4 Advisory Business Section C".

**Item 14 Client Referrals and Other Compensation**

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for a 2 year period. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.



**Item 15: Custody**

We do not maintain custody of any client funds or securities, other than the ability to authorize Interactive Brokers (the custodian) to deduct advisory fees from a client account. Monthly, Interactive Brokers will send statements to clients for each account held at Interactive Brokers. Clients should review these statements carefully as all activity in the account will be reflected on these statements.

**Item 16: Investment Discretion**

Clients will complete an investment advisory agreement with Selective Advisors, and the investment advisory agreement does not give to Selective Advisors the authority to withdraw funds or securities from client accounts.

The agreement only gives to Selective Advisors discretionary trading authorization and power of attorney to buy and sell securities in client accounts, to receive trade confirmations, to receive account statements, and to have brokerage calculate and deduct agreed upon advisory service fee. This agreement sets forth the authorization of us to determine, without obtaining specific client consent, the securities to be bought and sold and the amount of securities to be bought and sold. We determine buy and sell decision of investments in client accounts taking into consideration the investment objectives set forth and according to the risk tolerance specifics.

**Item 17: Voting Client Securities**

We do not vote proxies on behalf of clients. Clients will receive all proxy and other solicitations directly from their custodian, Interactive Brokers LLC. We do not provide advice to clients about voting proxies.

**Item 18: Financial Information**

We are not required to include in this brochure our balance sheet for the most recent fiscal year, because we do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

We are not aware of any financial condition that would impair our ability to meet our contractual commitments to our clients. Neither our firm nor any of our management persons have been the subject of a bankruptcy petition at any time during the past 10 years.



**Privacy Policy**

As part of our business, certain client nonpublic personal financial information is obtained. This information is provided to employees on a need to know basis in order to service accounts. This information includes data received on applications and other forms, as well as transactional information, including the following: Name and Address, Account Balance, Investment Activity, Assets, Other Accounts. Any personal or financial information provided to us is kept strictly confidential. We restrict access to personal and financial information to those employees who need to know such information in order to provide products and services

Client account information will be disclosed to certain third parties as necessary to provide investment advisory services that the client has requested or authorized, or to maintain and service the client's account.

Client account information may also be disclosed as required by regulatory authorities or law enforcement officials who have jurisdiction over us. Physical, electronic and procedural safeguards are in place to guard confidential information.

**Customer Identification and Verification**

In addition to the information we must collect under the USA Patriot Act, we have established, documented and maintain a written Customer Identification Program ("CIP").

Prior to opening an account, Selective Advisors will collect certain minimum customer identification information; verify the identity of each individual who opens an account; record the customer identification information, verification methods and results.

Appropriate documents for verifying the identity of customers include, but are not limited to, the following:

- For an individual, an unexpired government-issued identification evidencing nationality, residence, and bearing a photograph or similar safeguard, such as a driver's license or passport; and
- For a non-person, (i.e., Trust, Business, Foundation, etc.), documents showing the existence of the entity, such as certified articles of incorporation, a government-issued business license, a partnership agreement, or a trust instrument.

## Form ADV Part 2B Brochure Supplement

### ITEM 1 COVER PAGE

**SERBAN RADU FLOREA**

Chief Operating Officer at

Selective Capital Ltd.

doing business as

Selective Advisors

Company registered in The Seychelles, Suite 9, Ansuya Estate, Revolution Avenue,  
Victoria, Company Registration No. 89324

**Main Business Office:**

169A Floreasca Avenue, floor 4, 1<sup>st</sup> District, Bucharest 014472, Romania

Date of Supplement: September 12<sup>TH</sup>, 2012

This Brochure Supplement provides information about Florea Serban Radu that supplements Selective Advisors brochure. You should have received a copy of that brochure. Please contact Florea Serban Radu if you did not receive Selective Advisors brochure or if you have any questions about the contents of this supplement.

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

## ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Serban Radu Florea

Year of Birth: 1977

### **Formal Education:**

- |           |  |
|-----------|--|
| 1998-2002 | Faculty of Management in Finance and Banking<br><br>Romanian Banking Institute, Bucharest, ROMANIA                     |
| 1997-2001 | Faculty of Finance, Insurance, Banks and Stock Exchange Markets<br><br>Academy of Economic Studies, Bucharest, ROMANIA |
| 1996-1999 | Banking College<br><br>Romanian Banking Institute Bucharest, ROMANIA   |

### **Licenses:**

- Associated Person for Selective Advisors, NFA ID no 0356774 until 30/12/2017 - current status principal withdrawn
  - Authorized broker agent until September 2012 for Bucharest Stock Exchange Romanian National Securities Commission authorization no 871 Bucharest BSE re-Testing Exam for Securities Agent passed on 17.02.2004
  - Authorized broker agent until September 2012 for Sibiu Monetary - Financial and Commodities Exchange (SIBEX)
- Bucharest SMFCE Testing Exam for Derivatives Agent passed on 18.05.2005

### **Business Background for the Previous Five Years:**

- |                |   |
|----------------|---|
| 2011 - present | Chief Operating Officer at Selective Advisors.              |
| 2003 - 2012    | Trading Manager at SSIF WBS Romania S.A. Bucharest, Romania |

### ITEM 3 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 each supervised person providing investment advice. No information is applicable to this Item for Serban Radu Florea.

### ITEM 4 OTHER BUSINESS ACTIVITIES

Serban Radu Florea is also Associated Person for Selective Capital Ltd. which is NFA member approved and Commodity Trading Advisor (CTA) registered since 11/03/2011 with NFA ID 0435595. In his responsibilities as a Chief Operating Officer, Serban Radu Florea supervise the implementation of the “Intra-day Trend Seeker” program for the clients who chose to take part of this investment program. Selective Advisors does not see any evidence that such activity would impair Florea Serban Radu ability to proper fulfill its securities portfolio management duties.

### ITEM 5 ADDITIONAL COMPENSATION

Serban Radu Florea is not compensated in any way from anyone who is not a client of Selective Advisors and does not receive any economic benefits from other companies for managing clients’ portfolios.

### ITEM 6 SUPERVISION

Serban Radu Florea is the Chief Operating Officer of Selective Advisors, is self-supervised and manages its activities according to all applicable laws and highest ethical standards.