



Firm Brochure
ADV Part 2A

March 21, 2019

Item 1. Cover Page

This brochure (Form ADV Part 2A) provides information about the qualifications and business practices of Valeur Fiduciaria SA (“Valeur”). Valeur is a registered investment advisor (“RIA”) with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

If you have any questions about the contents of this brochure, please contact us by telephone at +41 (0) 91 815 17 00 by e-mail at info@valeur-investments.com.

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Valeur is available on the SEC’s website at www.adviserinfo.sec.gov. There is no specific level of skill or training required to “register” as an RIA with the SEC. This Brochure provides information for U.S. clients of Valeur; most provisions of the Advisers Act and of this Brochure do not apply to Valeur’s non-U.S. Clients.

Item 2. Material Changes

No material changes have been made to this brochure since the last Form of Valeur’s ADV Part 2A/ Brochure of March 28, 2018.

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Item 4. Advisory Business

Firm Description

Valeur Fiduciaria SA (“Valeur” or “the Firm” or “we”), a Swiss corporation based in Lugano, Switzerland and through its representative office in Locarno, Switzerland, provides investment advice to clients resident in the United States (“US”). We also serve US taxpayers or dual citizens living outside the US and clients who have no connection to the US. Valeur is a corporation organized under Swiss law and commenced operations in 2009 in Lugano, opening representative offices in Chiasso (in 2011 and in 2018) and in Locarno (in 2016).

Principal Owners

The principal owner of Valeur is Alida Carcano.

Services

Valeur provides a comprehensive range of wealth management solutions in the area of discretionary asset management and nondiscretionary investment advisory services to individuals, high net worth individuals, businesses and institutional clients. Each client’s assets are managed in a separate account (an “account”) maintained at a third-party financial institution.

Valeur discusses a client's prior investment history, as well as family situation and background. As part of this information-gathering process, Valeur determines the client's individual investment objectives, risk tolerance, time horizon, liquidity needs and tax situation, and, taking into account these factors, develops a tailored investment policy for that client (“investment profile”).

Valeur’s client portfolios are diversified across a variety of asset classes, including cash, non-US dollar currencies, defensive strategies in marketable securities, growth strategies in marketable securities, and, in certain cases, private investments. Accounts may include, without limitation: equity securities, fixed income securities, limited partnership interests, mutual funds, exchange traded funds, hedge funds,

options, structured product investments and other alternative investments consistent with a client’s suitability, his or her overall investment strategy, and his or her risk tolerance.

Whilst Valeur generally makes investments with a longer time horizon, Valeur may recommend changes to allocations in an attempt to take advantage of conditions in the current economic environment whilst being sensitive to transaction costs and taxes, as applicable. Such allocation changes may involve short-term underweight or overweight positions to various asset classes designed to capitalize on current economic conditions over the short-term.

Valeur’s advice is limited to the types of securities and transactions as set forth in Item 8.

Discretionary Asset Management

Valeur offers discretionary asset management services whereby Valeur has the authority to supervise and direct the investments of and for each client’s account without prior consultation with the client. Valeur determines the securities that are bought and sold for the client’s account and the total amount of the purchases and sales. Valeur’s authority may be subject to conditions imposed by individual clients as set forth and agreed upon in the asset management agreement entered into between Valeur and the client. For example, a client may restrict or prohibit transactions in certain types of securities.

Valeur seeks to obtain a rate of return consistent with each client’s objectives, risk tolerance, future liquidity requirements and potential tax and legal restrictions. Generally, Valeur manages each client’s portfolio in line with model portfolios constructed by the investment committee of the firm. However, these model portfolios serve only as a general guide and not every client’s portfolio will replicate the model portfolio as a result in differences in client risk tolerance, tax ramification, client specifications, liquidity and timing.



Nondiscretionary Investment Advisory

For clients who desire a nondiscretionary investment advisory service, Valeur offers investment advice similar to its discretionary asset management service in a nondiscretionary mandate whereby prior consultation and client approval is required before Valeur purchases or sells any security. Valeur works with its nondiscretionary clients to define their investment objectives and consults with each client on a regular basis with investment suggestions in line with the defined objectives.

If explicitly required by a non-discretionary client, Valeur may implement investment ideas which do not pertain to Valeur's investment universe. Valeur will disclose to the client, if an investment idea is not part of its investment universe.

Wrap Fee Programs

Valeur does not participate in wrap fee programs.

Assets under Management

Valeur managed approximately \$ 1'162 million on a discretionary basis and \$ 90 million on a non-discretionary basis as of December, 2018.

Item 5. Fees and Compensation

Valeur's fees generally are charged as a percentage of the market value of assets under management ("AUM") or assets under advisement ("AUA"). The fee is charged quarterly in arrears. AUM or AUA is measured with reference to the average of the closing balances for the last business day of each month within the respective calendar quarter.

The maximum annual fee for discretionary and nondiscretionary mandates is 1.5% of AUM or AUA. It depends on the size and complexity of the mandate.

There is no minimum annual fee.

Compensation is not payable in advance. Accounts initiated or terminated during a calendar quarter

will be charged a prorated fee. Upon termination of any relationship, accrued, unpaid fees will be due and payable.

Valeur may waive, discount and/or negotiate fees at its discretion. Valeur may also charge additional fees for services outside the scope of the services described above. Any additional fees are disclosed and agreed to by the client.

Valeur generally relies on the custodian bank to value the assets in each client's account. Valeur typically will arrange with the custodian for the direct payment of its fees from the client's account.

Fees may be subject to VAT.

In addition to the fees charged directly to each client's account described above, Valeur may receive indirect compensation from time-to-time in the form of placement fees, discounts, finder's fees or distribution fees from third parties based on the investments Valeur makes or recommends. For example, certain mutual or private funds may pay a fee to Valeur for investing Client portfolios in such fund. A client must acknowledge and agree in the respective mandate agreement with Valeur that such indirect compensation belongs to Valeur.

The receipt and potential to receive indirect compensation creates a material conflict of interest between Valeur and its clients. Valeur has an incentive to recommend investment products based on the compensation Valeur will receive rather than based on each client's needs. Thus, Valeur is not always impartial with respect to its investment recommendations. Further, Valeur generally does not inform its clients of the receipt of indirect compensation. Valeur seeks to minimize this conflict of interest by limiting the amount of indirect compensation it will receive on an annual basis to no more than 1% of the AUM or AUA of each client's portfolio. To the extent that Valeur receives indirect compensation in excess of this cap, Valeur will credit the respective client's account with such additional amount. Further, if asked by the client, Valeur agrees to disclose indirect compensation it receives in relation to the client's account as is reasonably practical (in



certain cases, it is difficult to apportion indirect compensation paid without reference to a specific account to a particular client). Clients generally have the option to purchase investment products that Valeur recommends through agents or brokers whereby Valeur would not receive indirect compensation.

Other fees and expenses you may incur

Fees charged by Valeur do not include custodian fees, fees for trade settlement, brokerage commissions, or any other fee imposed by the custodian bank or the broker. The fees also do not include management or other fees charged by funds or other products that client Accounts may be invested in from time to time.

Item 6. Performance-Based Fees & Side-by-Side Management

Performance-Based Fees

Valeur may enter into performance based fee arrangements with qualified clients subject to individualized agreements with each client. To the extent Valeur enters into a performance or incentive fee arrangements, it will do so in accordance with Section 205(a)(1) of the Advisers Act and Rule 205-3. Only clients who meet the following requirements may opt for the performance based fee scheme: (i) clients with at least \$ 1,000,000 under management with Valeur; (ii) clients with more than \$ 2,000,000 of net worth, excluding the value of the primary residence and certain debt secured by the property; or (iii) clients who are qualified purchasers under Section 2(a)(51) of the Investment Advisors Act of 1940, as amended (which generally is defined to include only individuals with more than \$ 5,000,000 in investments or an entity such as corporations, trusts, partnerships, or institutional investor that owns and invests on a discretionary basis at least \$ 25 million in investments).

Valeur potentially can receive higher fees with a performance-based compensation structure than from those accounts that pay the asset-based fee schedule described above. To minimize this

conflict, Valeur generally will enter into a performance fee arrangement upon the request of a client or in the case of specific investment performance objectives.

A combination between asset-based fee and performance-based fee is possible.

Side-by-Side Management

Valeur manages many client Accounts and as a result of differences in the fees charged on various account, Valeur has conflicts related to such side-by-side management of different accounts. For example, Valeur may manage more than one account according to the same or a substantially similar investment strategy and yet have a different fee schedule applicable to such account as a result of the respective clients' AUM with Valeur.

Side-by-side management of different types of accounts may raise conflicts of interest when two or more accounts invest in the same securities or pursue a similar although not identical strategy. These potential conflicts include the favorable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as initial public offerings, and transactions in one account that closely follow related transactions in a different account. In addition, the results of the investment activities for one account may differ significantly from the results achieved for other accounts, particularly if Valeur individually tailors clients' Accounts.

Valeur has policies and procedures in place aimed to ensure that all client Accounts are treated fairly and equitably. Valeur strives to equitably allocate investment opportunities among relevant Accounts over time. In addition, investment decisions for each account are made with specific reference to the individual needs and objectives of the account. Accordingly, Valeur may give advice or exercise investment responsibility or take other actions for some clients (including related persons) that may differ from the advice given, or the timing and nature of actions taken, for other clients.



Investment results for different Accounts, including Accounts that are generally managed in a similar style, also may differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate, or may participate to a different degree or at a different time.

Item 7. Types of Clients

Valeur offers investment management services to individuals, high net worth individuals and their foundations, trusts or other estate planning structures. In addition Valeur offers its services to businesses and institutional clients.

In addition to serving US resident clients, Valeur provides its services to non-US resident clients. The provisions of the Advisers Act do not apply to the investment services provided by Valeur to these non-US clients. This brochure describes only the service offering to US persons as defined under SEC Rule 902.

Generally, Valeur prefers its client relationships to have a minimum of \$ 1 million of AUM or AUA. Valeur may accept Accounts below the minimum requirements, or may retain Accounts that have dropped below the minimum requirement due to market fluctuation or investment performance. Accounts that have family, corporate, or other relationships may be aggregated for purposes of the minimum account size.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

Valeur invests and gives recommendations using a long-only investment approach aimed at generating sustainable, long-term results, where capital preservation is as important as capital growth. Valeur invests and gives recommendations based on its views of market trends, which are reflected in the asset allocations implemented in its mandates. Valeur manages assets and gives investment advice by using a top-down, macro-economic analysis in combination with bottom-up,

specific security selection. Generally, Valeur seeks to maintain broad diversification across countries, industries, company size, long-term themes and short term opportunities.

Investment Strategies

The investment strategy is selected by the Client depending on his or her investment profile, which as described in Section 4 above, is determined in a discussion with the Client at the beginning of the Client relationship and is based among others on his or her personal loss capacity, investment objectives, knowledge and experience. Valeur offers five different investment strategies ("Fixed income", "Income", "Dynamic income", "Balanced", "Growth") differentiated depending on risk tolerance and investment targets.

Clients also have the possibility to define their own strategy with their individual parameters for the asset class allocation.

Types of Securities

Valeur offers investment management and advisory services on the following types of securities and transactions: exchange-listed securities, securities traded over-the-counter, securities issued by non-US issuers, corporate debt securities (and other commercial paper), certificates of deposit, investment company securities such as mutual funds, U.S. or foreign government securities, exchange traded funds, foreign exchange transactions, certain derivatives or structured products, and in certain cases private fund investments. Some of these securities, particularly those issued outside of the US, may not be registered with the SEC. Valeur is able to invest clients on a discretionary basis in securities offered outside the US to non-US investors in reliance on Regulation S under the Securities Act of 1933.

Investments in private funds or structured products may be limited to "accredited investors" or "qualified purchasers," and may require investors to lock-up their assets for a period of time. These investments may have limited or no liquidity and they may involve different risks than investing in registered funds and other publicly



offered and traded securities. In the context of a discretionary mandate, Valeur may invest client Accounts into such securities without client consent.

Valeur will rely on the accuracy of a client's representations in making corresponding representations regarding the investment restrictions on behalf of a client's account in connection with certain derivative, private fund or other similar investments with qualification restrictions. Valeur requires notification by the client if the client's representations become inaccurate.

Material Investment Risks

Clients should bear in mind that investing in securities involves a risk of loss. Clients should be prepared to bear the risk of losing their investment in securities. Past performance is not an indication as to future results.

Among other risks, all investments made by Valeur will be subject to market risk, liquidity risk, and interest rate risk, and may be subject to credit and counterparty risk, risk in fluctuations of commodity pricing, risk of loss due to political and economic developments in foreign markets, and risks involving movements in the currency markets.

Market Risk

Market risk refers to the risk of loss arising from general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Each account is subject to market risk, which will affect volatility of securities prices and liquidity. Such volatility or illiquidity could impair profitability or result in losses.

Risk Related to Equity Investments

Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments generally

correlates to the fundamentals of each particular security, but prices of equity investments may raise or fall regardless of fundamentals due to movements in securities markets.

Risks Related to Fixed Income Investments

Investments in fixed income securities (*i.e.*, bonds) represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect the value of the security and volatility of such value. In general, bonds with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. Developments in the credit market may have a substantial impact on the companies we may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Risks Related to Investments in Funds

For purposes of this discussion, the term "Fund" includes, but is not limited to, a U.S. or non-U.S. unit investment trusts, open-end and closed-end mutual funds, hedge funds, private equity funds, venture capital funds, real estate investment trusts, exchange traded funds ("ETFs") and any other private alternative or investment fund. Investments in Funds carry risks associated with the particular Fund. Each Fund and the respective manager will charge their own management and other fees, which will result in a Client bearing an additional level of fees and expenses. U.S. mutual funds generally must distribute all gains to investors, including investors who may not have an economic gain from investing in the fund, which can lead to negative tax effects on investors, particularly non-U.S. persons. Investments in certain non-U.S. funds by U.S. person result in U.S. tax and reporting obligations and failing to comply with such requirements can result in significant

penalties. Funds generally have unique risks of loss as described in their offering documents. Funds can make use of leverage to enhance returns, which raise the risk of default, interest rate risk, and increase volatility. Certain Funds invest in derivatives, which can raise specific counter-party risks. Funds that are not traded can have illiquidity and valuation risks resulting in the inability to redeem or sell the Fund on demand. See the discussion below relating to risks in structured products and derivatives for more information on the risks of investing in Funds.

Risks related to Structured Products & Derivatives

Valeur may invest in structured products or derivatives or invest in Funds that hold investments in structured products or derivatives. In addition to the risks that apply to all investments in securities, investing and engaging in derivative instruments and transactions may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

a) Leverage

Certain investment instruments such as derivatives may use leverage to achieve returns. The use of leverage may have the effect of disproportionately increasing an account's exposure to the market for the securities or other assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions by Valeur on an account's performance.

b) Counterparty Credit Risk

When a derivative is purchased, a client's account will be subject to the ability and willingness of the other party to the contract (a "counter party") to perform its obligations under the contract. Although exchange-traded futures and options contracts are generally backed by a guarantee from a clearing corporation, an account could lose the benefit of a contract in the unlikely event that the

clearing corporation becomes insolvent. A counter party's obligations under a forward contract, over-the-counter option, swap or other over-the-counter derivative contract are not so guaranteed. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

c) Lack of Correlation

The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. To the extent that a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.

d) Illiquidity

Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counter party may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

e) Less Accurate Valuation

The absence of a liquid market for over-the-counter derivatives increases the likelihood that Valeur will not be able to correctly value these interests.

Risks Relating to Foreign Currency Exposure

Accounts managed by Valeur are routinely subject to foreign exchange risks and bear a potential risk



of loss arising from fluctuations in value between the U.S. Dollar and such other currencies. Valeur invests also in securities and other investments that are denominated in currencies other than US Dollars. Some client's Accounts may hold significant foreign cash positions. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Often clients are seeking this foreign currency exposure. Thus, Valeur may not seek to hedge the foreign currency exposure. Even to the extent that Valeur does seek to hedge the foreign currency exposure, such hedging strategies may not necessarily be available or effective.

Risks Related to Precious Metals Accounts & Physical Precious Metals

Precious metal accounts and investments in physical precious metals, offered by custodian banks, present special investment risks. These metal accounts generally are notated with reference to the market price of the respective precious metal as determined by the respective custodian bank. The value of precious metals is volatile and generally based on the current spot or market price of the particular metal. The value of precious metals is driven by a variety of factors on a global basis including, among other factors, industrial demand, market supply, and investor demand. Metals should not be perceived as safer investments but rather as an asset class that also is speculative and volatile. Unless specifically agreed by the custodian bank, a precious metal account generally does not represent a right to convert to physical delivery and as such, generally there is a counterparty risk based on the financial strength and solvency of the custodian bank to pay the monetary equivalent of the notated value in the precious metal account. Alternatively, in the case of non-segregated physical holdings, there are other risks including the potential inability for the custodian bank to deliver the physical metal timely and liquidity risks associated with taking physical delivery of precious metals. Clients should see the specific risk disclosures issued by the custodian bank relating to precious metal accounts and physical precious metals.

Non-U.S. Investments

In addition to those risks associated with investments in U.S. securities, investments in non-U.S. securities expose the client's portfolio to other risks. Such risks include, among other things, trade balances and imbalances, economic policies of various foreign governments, exchange control regulations, withholding taxes, potential for nationalization of assets or industries, and the political instability of foreign nations.

Valeur generally provides all new clients with a copy of *"Special Risks in Securities Trading"* published by the Swiss Bankers Association.

Item 9. Disciplinary Information

Valeur has not been involved in any legal or disciplinary events.

Item 10. Other Financial Industry Activities and Affiliations

Valeur management personnel are neither registered, nor have an application pending to register as, broker-dealers, registered representatives of a broker-dealer, future commission merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities.

Valeur is a member of L'Organismo di Autodisciplina dei Fiduciari del Cantone Ticino (OAD FCT), which is a Swiss self-regulatory organization recognized by the Swiss Financial Market Supervisory Authority (FINMA) as a professional association empowered to issue rules of conduct in the context of asset management and to monitor the observance of anti-money laundering dispositions.

Valeur also holds the license, authorized by FINMA, as a "Distributor of collective investment schemes according to the Swiss Federal Act on Collective Investment Schemes (CISA)".

Due to the fact that these collective investment schemes are not subject to the Investment Company Act of 1940, because the funds operate



exclusively outside the U.S. and are not offered to U.S. residents, Valeur does not believe these funds will constitute a “private fund” within the meaning of Item 7.B of Form ADV Part 1A.

Valeur’s owner, Alida Carcano also owns Valeur Asset Management SA in Luxembourg, an investment firm according to the Luxembourg law of April 5, 1993 on the financial sector offering its services only to non-US persons and managing sub-funds not registered in the US and not offered for sale to US residents. With reference to the individual portfolio management activity carried out by Valeur Asset Management SA in Luxembourg, Valeur provides advisory services and receives remuneration for the services rendered.

Alida Carcano also owns an interest in Valeur Real Estate SA (in liquidation phase) and an interest in Digon SA, Lugano. Both companies fall under the real estate sector (they don’t do brokerage and have no connections with any business concerning clients of Valeur). Alida Carcano also owns an interest in Valeur Global Opportunities RAK, Dubai, an investment company which invests in private companies on its own behalf (has no connection with any business concerning clients of Valeur). Alida Carcano also owns an interest (47%) of LAGOM Family Advisors SA, Lugano, a family office company, which does not serve any US clients.

Valeur’s President of the Board principally owns Ulisse Consulting SA in Lugano, Switzerland, a corporate consulting company and owns an interest in Valeur Servizi Fiduciary S.r.l. in Brescia (Italy), a fiduciary company exclusively servicing Italian clients on tax matters. He is also a member of the Board of Digon SA and the president of the Board of LAGOM Family Advisors SA. None of the mentioned companies serve any US clients.

Valeur shares some supervised personnel with its related companies.

Valeur does not believe any of its related companies or the sharing of personnel present a conflict of interest as Valeur has no business dealings with them in connection with its advisory

services provided to clients resident in the US, US taxpayers or dual citizens living outside the US.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Valeur seeks to minimize conflicts of interest and resolve those conflicts of interests in favor of its clients to the extent it determines reasonable and necessary in accordance with its Code of Ethics, however, Valeur may receive indirect compensation from time to time as a result of its investment activities, and Valeur recognizes that this presents a conflict of interest as described elsewhere in this brochure.

Code of Ethics

Valeur treats all clients equitably and has a duty to act in its clients’ best interests. Except as otherwise described in this brochure, the interests of clients will be placed above Valeur’s interests in case of any conflict. Valeur has adopted a Code of Ethics (the “Code”) and attendant policies and procedures governing personal securities transactions by Valeur and its personnel. The Code also provides guidance and instruction to Valeur and its personnel on their ethical obligations in fulfilling its duties of loyalty, fairness and good faith towards the clients.

The overriding principle of Valeur’s Code of Ethics is that all employees of Valeur owe a fiduciary duty to clients for whom Valeur acts as investment manager or adviser. Accordingly, employees of Valeur are responsible for conducting personal trading activities in a manner that does not interfere with a client’s portfolio transactions or take improper advantage of a relationship with any client.

The Code contains provisions designed to try to: (i) prevent, among other things, improper trading by Valeur’s employees; (ii) identify conflicts of interest; and (iii) provide a means to resolve any actual or potential conflicts of interest in favor of the clients. The Code attempts to accomplish these objectives by, among other things: (i) requiring pre-clearance of specific trades, which includes



documenting any exceptions to such pre-clearance requirement; (ii) restricting trading in certain securities that may cause a conflict of interest, as well as (iii) periodic reporting regarding transactions and holdings of employees.

The Code contains sections including, but not limited to, the following key areas: (i) restrictions on personal investing activities; (ii) gifts and business entertainment; and (iii) outside business activities.

The Code also provides for Valeur's execution of supervisory policies and procedures, and the review and enforcement processes of such policies and procedures. Valeur has designated a Chief Compliance Officer responsible for maintaining, reviewing and enforcing Valeur's Code of Ethics and corresponding policies and procedures.

The fundamental position of Valeur is that, in effecting personal securities transactions, personnel of Valeur must place at all times the interests of clients ahead of their own pecuniary interests. All personal securities transactions by these persons must be conducted in accordance with the Code of Ethics and in a manner to avoid any actual or potential conflict of interest or any abuse of any person's position of trust and responsibility. Further, these persons should not take inappropriate advantage of their positions with or on behalf of a client.

If a person subject to the Code of Ethics fails to comply with the Code, such person may be subject to sanctions, which may include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, the possibility of dismissal.

Valeur will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Although Valeur does not hold proprietary positions, Valeur's related persons may own, buy, or sell for themselves the same securities that they or Valeur have bought, sold or recommended to clients. Thus, from time to time, a client account may purchase or hold a security in which a related

person of Valeur has financial interest or an ownership position, or a related person may purchase a security that is held in a client account.

Also from time to time, Valeur employees or related persons may invest alongside the firm's clients, both to align the interest of firm and personnel and firm clients and as an expression of confidence in our portfolio management efforts. In order to ensure that Valeur personnel never trade ahead of their clients, the firm requires all trading in specific positions for officer and employee accounts to come after the analogous trades are executed for client accounts. Firm personnel communicate freely and frequently among themselves in order to ensure the application of these fundamental restrictions.

Item 12. Brokerage Practices

Valeur's clients primarily open accounts at custodial banks in Switzerland. Each client may select the bank for his or her account. Valeur does not select custodial banks on a client's behalf.

Each custodian bank has its own policies and procedures relating to brokerage. In cases where the custodial bank requires Valeur to route securities orders through the trading desk of the bank, then Valeur will not have discretion in selecting the broker-dealer and the client should be aware of the incumbent risks associated with such arrangement. In cases where the custodial bank will settle with third-party broker-dealers, then Valeur will select the broker-dealer as described in this Item 12. In such cases, the Swiss custodian bank will settle trades with delivery-against-payment model.

Valeur Selection of Broker-Dealers

When the custodian bank permits Valeur to select the broker-dealer, Valeur will route securities orders to purchase and sell securities for those client Accounts held at the bank to independent brokers and dealers.

In selecting brokers and dealers to effect client transactions, Valeur attempts to obtain for clients:



(i) the prompt execution of client transactions while market conditions still favor the transaction and (ii) the most favorable net prices reasonably obtainable. This is called “best execution.” In placing orders to purchase and sell equity securities, Valeur selects brokers that it believes will provide the best overall qualitative execution given the particular circumstances. A broker may provide more favorable terms and a higher quality of service to customers who place a higher volume of transactions through that broker. Accordingly, to obtain the benefits of higher volume trading for clients, we may place a large portion of client equity transactions through a limited number of brokers that meet Valeur’s quality standards. When selecting a new equity broker, Valeur conducts a due diligence review of the broker to evaluate whether the broker is likely to provide best execution. Valeur may consider any of the following factors:

- The ability of the custodian bank to settle transactions with the broker.
- The quality of services provided (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range).
- The extent of coverage of the various markets Valeur trades in.
- The broker’s ability to communicate effectively with Valeur.
- The broker’s ability to execute and settle difficult trades.
- Whether or not the broker offers lower cost electronic trading.
- The broker’s clearance and settlement efficiency.
- Whether or not the broker can handle Valeur’s range of order sizes.
- The broker’s ability to maintain confidentiality and anonymity.
- The reputation of the broker.
- The stability and financial strength of the broker.

Due to the fact that Valeur is based in Switzerland and the securities purchased may be non-US securities, the brokers used by Valeur may not be

registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Valeur’s Chief Compliance Officer reviews the due diligence performed and approves or rejects the selection of each broker. Valeur monitors the services provided by the approved brokers, the quality of executions and research, commission rates, the overall brokerage relationship, and any other issues. Valeur will periodically reconsider whether placing a large portion of client trades through a particular broker continues to be in the best interest of our clients.

Fixed income securities (*i.e.* bonds) are generally traded in an over-the-counter market. In this market, bond dealers place bids and make offers to buy and sell bonds on a net basis with no stated commission plus accrued interest. Any commission or net mark-up is implied by the difference or “spread” between the price the dealer purchases the bond for and the price at which the dealer sells the bond. A new issue bond is sold to purchasers at a net price with a fixed sales credit paid to the underwriter by the issuers of the bond.

Brokers Selected by the Custodian Bank

Brokerage for transactions involving assets held at Swiss banks generally must be made through the broker-dealer specified by the custodian bank. In most cases, Swiss custodian banks act as a broker-dealer and/or maintain relationships with designated broker-dealers (including potentially an affiliate of the custodian bank). If required by the custodian bank, Valeur effectuates security transactions through the custodian bank or the broker or dealer designated by the custodian bank selected by the client. In such cases, Valeur cannot guarantee that the client will receive best execution or the best commissions because Valeur does not control these factors. Clients should be aware of the factors outlined below under the heading *Directed Brokerage* as these factors also apply with respect to assets maintained at Swiss banks. Clients also should be aware of the potential that the broker-dealer used for



transactions may not be a registered broker-dealer under the Exchange Act.

Client Directed Brokerage

A client may direct Valeur to use a particular broker or dealer who has an existing relationship with or provides custodial or other services to a client. Valeur requires any directed brokerage instructions to be in writing unless such arrangement is inferred in the context of the custodian's brokerage limitations. Generally, all Swiss custodian banks require use of their broker, and as a result, Valeur treats such arrangements as client directed brokerage because the client selects the custodian bank.

Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- Valeur will not be able to negotiate commission rates with the designated broker because we will not have the negotiating leverage that results from the ability to trade away from a designated broker.
- Directed brokerage may cost clients more money. Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.
- Directed brokerage accounts will not be able to participate in aggregated or block transactions with other clients. This will preclude directed brokerage accounts from obtaining the volume discounts or more favorable terms that might be available from aggregated transactions.
- If Valeur is placing orders in the same security for both directed brokerage clients and clients that use other brokers, Valeur usually place orders for directed brokerage clients after it has placed orders for other clients.

Block Trades

Valeur generally will combine orders into block trades when purchasing the same security for multiple client Accounts. Such aggregated orders ("block trades") will be pre-allocated among the

participating client Accounts. When selecting the participating accounts a variety of factors such as suitability, investment objectives and strategy, risk tolerance and / or the ability to invest additional funds will be taken into consideration. In determining the portion for each participating account further factors such as account's size, diversification, asset allocation and position weightings as well as any other appropriate factors might be of relevance. Participating Accounts in a block trade placed with the same broker or the same custodian bank generally will receive an average price. Transaction costs will be shared on a proportionate basis and as determined in the agreement with the custodian. This can either be a sharing on a pro rata basis, or covered with a "ticket fee", or based on the implemented degression model, whereas costs decrease in relation to the purchased quantity and include the application of a minimum rate, when shared costs are below a defined amount. Partial fills of transactions will be allocated on a pro rata share basis.

Because Valeur's clients maintain Accounts at different custodian banks and because many of these custodian banks mandate the use of a specific broker (see description above), often Valeur places more than one block trade for the same security with more than one broker. Valeur transmits such block trades to more than one broker in a random pattern (*i.e.*, Valeur does not favor one custodian bank or broker over another with respect to the order in which block trade orders are sent). The average price realized on a securities order placed with different brokers will vary broker to broker, and clients generally will receive different average prices and transaction costs for the same security order depending upon the custodian bank and the respective broker used in the block trade. Also note, since most Swiss custodian banks warehouse securities orders until filled, there may be delays in settlement between client Accounts depending on the practice of the respective custodian bank and/or broker.



Decision Making Process; Balancing the Interests of Multiple Client Accounts

In making the decision as to which securities are to be purchased or sold and the amounts thereof, Valeur is guided by the general guidelines set up at the inception of the adviser-client relationship in cooperation with the client and a periodic review of the asset allocation. These general guidelines cover such matters as the relative proportion of debt and equity securities to be held in the portfolio, the degree of risk that the client wishes to assume and the types and amounts of securities to be held in the portfolio. Valeur's authority may be further limited by specific instructions from the client, which may restrict or prohibit transactions in certain securities.

Valeur may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to client investments and the performance resulting from such decisions may differ from client to client. Valeur will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have selected different investment profiles, have materially different amounts of capital under management with Valeur or different amounts of investable cash available. In certain instances such as purchases of less liquid publicly traded securities or oversubscribed public offerings, it may not be possible or feasible to allocate a transaction pro rata to all eligible clients, especially if clients have materially different sized portfolios. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

Use of Soft Dollars

Valeur may maintain soft dollar arrangements, and to the extent it does it will only do so in accordance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act. Section 28(e) is a "safe harbor" that permits an investment manager to use brokerage commissions or "soft

dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process.

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data, certain valuation and pricing data and economic data); and advice from brokers on order execution.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations..

Trade Errors

Although Valeur's goal is to execute trades seamlessly in the manner intended by the client and consistent with its investment decisions, Valeur recognizes that errors can occur for a variety of reasons. Valeur's policy in dealing with such errors is to:

- Identify any errors in a timely manner.
- Correct all errors so that any affected account is placed in the same position it would have been in had the error not occurred.



- The party responsible for the error will bear the loss resulting of the error and all associated costs to reverse the error.
- Gains in client accounts caused by trades done in error that are discovered after settlement generally will be credited to the affected clients' account.
- Costs from corrective actions are not to be passed on to a client.
- Evaluate how the error occurred and assess if any changes in any processes are warranted or if any continuing education is required.

The consequences and the required corrective measures may be different depending upon the nature of the error or the account affected.

Item 13. Review of Accounts

All accounts are reviewed on a regular basis in an effort to ensure that they remain aligned with the client's investment plan and are positioned appropriately given current market conditions as part of Valeur's general investment process.

Item 14. Client Referrals and Other Compensation

Valeur may pay third parties for client referrals. Such arrangements comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

Valeur may receive remuneration from third parties in connection with its investment services. Such remuneration can include referral fees, marketing fees, discounts, finder's fees, service fees, including shareholder service fees, 12b-1 fees or bonus commissions paid by mutual funds, privately offered funds, insurance products, variable annuities or other investment products paid to Valeur for recommending an investment, for investing client funds in such product or for marketing assistance or the performance of certain administrative tasks associated with making an investment. Please refer to the discussion of the conflicts of interest presented by Valeur's remuneration in Item 5.

Valeur's employees or associated persons may be invited to attend seminars and meetings with the

costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

Item 15. Custody

Valeur typically is given authority to have its fees directly deducted from a client's account. Consequently, Valeur is deemed to have custody of such funds. In such cases, Valeur has established procedures to ensure the client's account is held at a qualified custodian in a separate account for each client. The client establishes the bank account directly and therefore is aware of the qualified custodian's name, address and the manner in which investments are maintained. Account statements are prepared by the custodian bank. Generally, these statements include a listing of all valuations and all transactions occurring during the period.

Item 16. Investment Discretion

Valeur accepts discretionary authority to manage client accounts as described above. Clients rarely restrict the authority by which Valeur may act; however, each client has the opportunity to communicate any form of limitation in writing. In the context of a discretionary mandate, Valeur makes investment decisions without consulting the client by utilizing its limited power of attorney for the management of the account maintained at the custodian bank selected by the client. Valeur never has discretionary authority to select a qualified custodian for a client's account.

Item 17. Voting Client Securities

Proxy Voting

Valeur generally does not have the authority to vote client proxies. Clients make arrangements directly with their custodian to vote proxies for securities or where proxy or other solicitation materials have to be sent to. If Valeur inadvertently receives any proxy materials on behalf of a client, Valeur will promptly forward such materials to the client.



Valeur will exercise investment authority for certain corporate actions (such as, but not limited to tenders, rights offerings, splits etc.) in connection with discretionary accounts. For advisory clients, corporate actions are discussed with them prior to the event taking place.

Clients who have questions about proxies may contact Valeur for further information.

Class Actions

Valeur does not direct client participation in class action lawsuits. Valeur will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender, or to forward such information to the appropriate clients.

Valeur will not advise or act on behalf of clients in any legal proceeding, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. Accordingly, Valeur is not responsible for responding to, or forwarding to clients, any class action settlement offers relating to securities currently or previously held in the client account.

Item 18. Financial Information

Valeur has not been the subject of a bankruptcy petition at any time. As of the date of this brochure we do not believe it is reasonably likely that any future liability will impact our ability to meet our contractual commitments to our clients.