



**XP Advisory US, Inc.**  
CRD# 173779

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

**701 Brickell Ave**  
**Suite 2120**  
**Miami, FL 33131**

**Phone: (786) 725-5983**

**March 28, 2024**

This Brochure provides information about the qualifications and business practices of XP Advisory US, Inc. ("XP Advisory"). If you have any questions about the contents of this Brochure, please contact us at (786) 725-5983. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

XP Advisory is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you can use in deciding whether to hire or retain an adviser.

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

## **Item 2 – Material Changes**

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

On March 28, 2024, we submitted our annual updating amendment for the fiscal year 2023. Since our previous annual updating amendment filing on March 31, 2023, we have made no material changes.

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

## Item 3 -Table of Contents

Item 2 – Material Changes .....	2
Item 3 -Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients .....	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics.....	16
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts .....	19
Item 14 – Client Referrals and Other Compensation .....	19
Item 15 – Custody.....	20
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information .....	21

## Item 4 – Advisory Business

XP Advisory US, Inc (“XP Advisory”), formerly known as XP Private, Inc, is a Registered Investment Adviser formed in the U.S. Securities and Exchange Commission. XP Advisory US, Inc. (hereinafter “XP Advisory”) has been located in Miami, Florida since November 2014. XP Advisory is directly owned by XP Inc.

The following paragraphs describe our services and fees. Please refer to the description of the investment advisory services listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words “we,” “our” and “us” refer to XP Advisory and the words “you,” “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Investment Management Services**

We offer discretionary and non-discretionary investment management services. Our investment advice is tailored to meet our clients’ needs and investment objectives. If you retain our firm for investment management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the “suitability information”) at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our investment management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio’s performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

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

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

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

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

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

#### **Recommendation of Sub Advisers**

As part of our overall portfolio management strategy, we may also recommend affiliated and/or unaffiliated sub advisers to manage all or a portion of your account. All sub advisers recommended by our firm must either be registered as investment advisers or exempt from registration requirements. These sub advisers may specialize in traditional or alternative investments. Factors that we take into consideration when making our recommendations include, but are not limited to, the following: the sub adviser's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. Once a sub advisory account has been established, we will provide all administrative and clerical duties that are required to service your account. The sub adviser will have little or no direct contact with you. Our responsibility to you will be to: (i) continuously evaluate the performance of your portfolio to ensure the sub adviser selected adheres to your asset allocation guidelines; (ii) make recommendations regarding the sub adviser as market factors and your personal goals dictate, (iii) assume discretionary authority to hire or fire the sub adviser where such action is deemed to be in your best interest.

#### **Important Information about Affiliated Sub-Advisers.**

The XP Investment Management service makes available to clients investment services that are offered by and XP Advisory Gestão de Recursos Ltda, affiliates of XP Advisory. XP Advisory has a potential conflict of interest to the extent XP Advisory would advise a client to select investment services offered by those affiliates of XP Advisory. For more information, see Item 10 - Other Financial Industry Affiliations and Activities.

#### **Non-wrap Investment Management Services**

XP Advisory offers investment management services where clients receive ongoing investment advice, but separately pays for securities transactions and brokerage-related fees. At the client's direction, XP Advisory will manage the account according to a specific strategy on a discretionary basis. The investment management service could include affiliated or unaffiliated third-party investment managers. XP Advisory provides additional consulting services to the client in accordance with their particular needs or objectives. This service is designed to accommodate a client who wishes to independently select investment services outside of XP Advisory US Wrap Fee Program in managing the assets in the client's account.

In some cases, a client may direct XP Advisory to use a particular broker-dealer for execution of the client's trade orders (a "directed brokerage arrangement"). This occurs when a client's account is held at another broker-dealer firm and the client directs XP Advisory execute trades through that firm.

Clients should be aware that any costs related to this arrangement are not included in the advisory fee and that the client will be solely responsible for paying any commissions, markups or markdowns or other costs imposed by the directed broker-dealer. Please see Item 12 – Brokerage Practices for further information.

#### **Selection of Third-Party Investment Advisors, Platforms and Programs**

We have entered into agreements with various third-party investment advisers for the provision of certain investment advisory services. Factors considered in the selection of a third-party advisor include but may

not be limited to: i) Our firm's preference for a particular third-party advisor; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a third-party advisor, we will typically gather information from you about your financial situation and investment objectives.

The third-party advisor may customize your portfolio by blending traditional investment strategies with an allocation to asset classes. Generally, securities transactions will be decided upon and executed by the third-party advisor on a discretionary basis. This means that the manager selected will have the ability to buy and sell securities in your account without obtaining your approval. We will not manage or obtain discretionary authority over the assets in accounts participating in these programs; however, clients may grant us the discretionary authority to hire and fire such third-party managers. Generally, clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a third-party advisor.

We will periodically review reports provided to you. We will contact you at least annually, or more often to review your financial situation and objectives, communicate information to the third-party advisor managing the account as necessary, and, to assist you in understanding and evaluating the services provided by the third-party advisor. Please notify us of any changes in your financial situation, investment objectives, or account restrictions.

A complete description of the services provided, the amount of total fees, the payment structure, termination provisions and other aspects of the third-party advisor's advisory business are detailed and disclosed in: i) the third-party advisor's Form ADV Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the third-party advisor's account opening documents. A copy of all relevant disclosure documents of the third-party advisor and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

### **Investment Services to Pooled Investment Vehicles**

XP Advisory also provides investment advisory services to domestic and offshore pooled investment vehicles that are exempt from SEC registration ("Institutional Advisory Services"). XP Advisory's investment advisory related services to pooled investment vehicles are subject to the terms set forth in their Private Placement Memorandum or Explanatory Memorandum. Please see further information under Item 10 and 14 of this brochure.

### **Types of Investments**

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

#### ***Equities and Options***

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

#### ***Fixed Income***

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

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

#### ***Mutual Funds***

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

working with a comprehensive set of fund managers offering products with a unique set of benefits for international investors.

### **Wrap Fee Program**

XP Advisory is the portfolio manager and sponsor of the XP Advisory US Wrap Fee Program ("the Program"). Our portfolio management services are offered through the Program for a single fee that includes administrative fees, portfolio management fees, and commissions. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. In order to compare the cost of the Program with unbundled services, the client should consider the turnover rate in our investment strategies, trading activity in the account and standard advisory fees and brokerage commissions that would be charged at other broker-dealers and investment advisors.

The Program began in 2020. Existing clients of our firm have been offered the option of transitioning to a wrap account or maintaining their account under a non-wrap arrangement. Therefore, legacy clients of XP Advisory could have non-wrap account arrangements. Under certain situations XP Advisory offers other investment management account options as disclosed above. There are no differences in how we manage wrap fee accounts and how we manage non-wrap accounts.

XP Advisory, as portfolio manager is responsible for the research, security selection and implementation of transaction orders in the client's account. The transactions in the client's account will be executed by XP Investments US, LLC ("XPI"), an affiliated and introducing broker-dealer. Client assets are custodied at Pershing, LLC ("Pershing"). XP Advisory receives a portion of the Wrap Fee for portfolio management services. XPI will receive a portion of the fee for trade execution expenses and Pershing will receive a portion of the fee for its custodial services.

The terms and conditions under which a client participates in XP Advisory's wrap fee program will be set forth in a written agreement between the client and XP Advisory. For detailed information about the XP Advisory US Wrap Fee Program, please see our wrap fee brochure (Part 2A Appendix 1 of Form ADV).

### **Regulatory Assets Under Management**

As of December 31, 2023, we managed approximately \$890,628,814 in client assets on a discretionary basis and approximately \$643,471,296 in client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Fees for Advisory Services**

Fees charged by XP Advisory are established in a client's Investment Advisory Agreement. In most instances, a client pays an ongoing advisory fee based upon the value of assets in the client's account (an "asset-based fee"), although other options, such as a performance-based fee arrangement, is available. XP Advisory's advisory representatives have the authority to negotiate the fee, but all fees are subject to the approval of the firm's Head of Wealth Management or Chief Compliance Officer.

For XP Advisory's non-wrap account services, XP Advisory charges a management fee, which is a percentage of the assets under management. On an annualized basis, our maximum investment fees are between 0.05% and 1.05%. The fees are based on several factors, including, but not limited to: the services offered to the client, the complexity of the services to be provided, the level of client assets managed by XP Advisory, the inclusion of consulting services, and/or the overall relationship with XP Advisory. Further, clients participating in the XP Advisory US Wrap Fee Program may be charged a higher overall fee. Please see Appendix 1 – Wrap Fee Program Brochure.



The market value of your account will be determined by calculating the average daily balance of your account during the preceding quarter. Account margin balances will be included in the computation of advisory fees.

For purposes of calculating investment fees, XP Advisory uses the term “Assets Under Management”, which may be different than the asset value as reported on brokerage statements provided by the client’s account custodian. Assets Under Management is defined as the total absolute value of the assets in the Account(s), long or short, plus all credit balances, with no offset for any margin or debit balances.

Fees will be calculated using the following formula: Assets Under Management (based on the average daily balance for the preceding quarter) \* Annual Fee / 4 = Quarterly Fee. XP Advisory will either bill you directly for payment of our fees or the fees will be deducted from your account. Fees are billed quarterly in arrears. Other fees arrangements may be agreed upon but must be clearly described in the advisory agreement.

### **Selection of Third-Party Investment Advisors, Platforms and Programs**

Recommended third-party money managers/programs charge separate fees in addition to our above referenced management fees. The advisory fee you pay to the money manager is established and payable in accordance with the brochure provided by each money manager to which you are referred. These fees may or may not be negotiable. You should carefully review the recommended money manager’s brochure and consider the money manager’s fees, program fees, and our fees to determine the total amount of fees you will pay.

We will receive a referral fee from the third-party advisor. Our compensation may differ depending upon our individual agreement with each third-party advisor. As such, we have an incentive to recommend one third-party advisor over another third-party advisor with whom we have a less favorable compensation arrangement or other advisory programs offered by third-party advisors with which we have no compensation arrangements. Clients are not required to use the services of any third-party advisor recommended by us.

The statements you receive from the qualified custodian(s) holding your account(s) will show the amount of advisory fees paid. You should carefully review account statements for accuracy. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

### **Performance-Based Fees**

We also charge performance-based fees to certain “Qualified Clients,” who, pursuant to Rule 205-3 under the Investment Advisers Act of 1940, have at least \$1,100,000 under management by our firm, immediately upon entering into an advisory agreement with us for performance-based compensation; or, they must have at least \$2,200,000 in net worth, exclusive of their primary residence. In such cases, we charge a maximum of 30% of the annual gross profits for the account in performance fees. These fees are invoiced directly to the client and are payable quarterly in arrears, unless otherwise negotiated. The performance fee allocation is subject to a “high water mark” provision. No performance fee will be charged, except to the extent that the amount of the capital increase exceeds the sum of any cumulative loss in the account on a yearly basis. In the event the client makes a complete withdrawal from the account on a date other than the end of the year, fees will be due at the time of withdrawal. Annual gross profits are defined as the difference in the value of the account for the previous 4 quarters, adjusted for deposits and withdrawals made during the year. Clients should note that a fee in excess of 3.00% of assets under management is in excess of industry norms and similar advisory services can be obtained for less.

### **Wrap Program Fees**

For detailed information regarding advisory fees and fee-paying arrangements in regard to the XP Advisory US Wrap Fee Program, please see our wrap fee brochure (Part 2A Appendix 1 of Form ADV).



**Fee Billing**

In our sole discretion, we allow accounts of members of the same household and multiple accounts of entities and their members to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual, and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow client(s) the benefit of an increased asset total, which could potentially allow the account(s) to be assessed a reduced advisory fee based on the breakpoints available in the firm's fee schedule as stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization in accordance with the investment advisory agreement you sign with us that permits the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements. Under certain circumstances, you may request to be billed directly for our fees instead of having them debited from your account. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client asset account to facilitate billing.

**Other Fees and Expenses**

The fees XP Advisory charges are negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. Clients may incur certain charges imposed by custodians, brokers, advisers and other third parties such as the following: fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

All fees paid to XP Advisory for investment advisory services are separate and distinct from the fees and expenses charged to shareholders by mutual funds or exchange traded funds. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

You could invest in a mutual fund directly, without the services of XP Advisory. In which case, you would not receive the services provided by XP Advisory, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by XP Advisory to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided. Although XP Advisory uses its best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes or funds that do not pay 12b-1 distribution fees.

**Mutual Fund Share Classes**

Mutual funds generally offer multiple share classes based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), mutual funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes. XP Advisory and its Associated Persons have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. The Company has taken steps to address this conflict of interest, including providing its Associated Persons with training and guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness

of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particular investment objectives and any other appropriate considerations relevant to mutual fund share class selection.

Certain money market funds and other mutual funds in which clients invest make payments to us, our Associated Persons or our related parties, pursuant to a Rule 12b-1 distribution plan or other arrangement as compensation for distribution, shareholder services, recordkeeping, or administrative services. These payments are generally paid from the fund's total assets and can be paid by a fund's adviser or distributor. The Rule 12b-1 distribution plan and other fee arrangements are disclosed in each fund's registration statement.

For clients investing in mutual funds, XP Advisory requires that the Associated Person purchase the share class most beneficial to the Client, generally the institutional or advisory share class. In some cases, these share classes are not made available by the sponsor fund. In these cases, XP Advisory will seek a comparable, similar mutual fund that provides an advisory share class, and offer the fund and share class to the client. If no comparable fund with an advisory share class is available, the client may pay higher fees that include 12b-1 fees. Although XP Advisory automatically credits client accounts with any 12b-1 fees received during the period an account is managed by XP Advisory, clients should not assume that they will be invested in the share class with the lowest available expense ratio.

Please contact us for more information about share class eligibility. Further information regarding fees and charges assessed by a mutual fund is available in each mutual fund's prospectus. Although we use our best efforts to purchase lower cost mutual fund shares when available, some mutual fund companies do not offer institutional classes or funds that do not pay 12b-1 distribution fees.

#### **Compensation for the Sale of Securities**

Certain Executive officers and other Associated Persons of XP Advisory are registered representatives of XP Investments US, LLC ("XPI"), an affiliated broker dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). XP Advisory and XPI are affiliated through common ownership. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives, is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. As a matter of general policy, we aggressively discourage activities that put your interests anywhere but first. Additionally, we have instituted compliance procedures and a code of ethics that requires our Associated Persons to uphold their fiduciary duty by acting in the best interest of the client.

XP Advisory considers several factors when determining the appropriate fees for each client: the amount of assets, the anticipated time involved in structuring initial and ongoing recommendations to the client, and the types of expertise required for the client's portfolio. Clients are not obligated to utilize the brokerage services of XPI. Lower or higher fees may be charged by other firms for comparable services.

#### **General Information About Fees**

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

client's sole expense. The aggregate fair market value of assets in related accounts may be combined when fees are calculated. The Adviser may modify the above fee schedule 30 days following written notice to the client.

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

Clients may terminate their Investment Advisory Agreement with XP Advisory, without penalty and with a full refund of the initial fee (if any), by giving XP Advisory written notice within five (5) business days after signing the agreement. Thereafter, either party may terminate the Investment Advisory Agreement by providing 30 days prior written notice to the other party. Upon termination of any account, any prepaid, unearned fees after deducting any costs incurred through the effective date of termination will be promptly refunded to the client. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients can use the following formula to calculate the amount of reimbursement of prepaid fees: (Prepaid fee for billing period – (fee% \* AUM in account \* Number of days the agreement was effective during billing period) – costs incurred during billing period = Amount of reimbursement to client). The client will be sent a detailed statement, which will show the calculation of reimbursement and list the incurred costs. After XP Advisory's agreement is terminated, XP Advisory will have no further duties or obligations to the client.

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

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

Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. As disclosed above, we charge performance-based fees to "Qualified Clients," who, pursuant to Rule 205-3 under the Investment Advisers Act of 1940, have at least \$1,000,000 under management by our firm, immediately upon entering into an advisory agreement with us for performance-based compensation; or, they must have at least \$2,100,000 in net worth, exclusive of their primary residence. The amount of the performance-based fee we charge is described in the "Fees and Compensation - Item 5" section in this Brochure.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments, which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in

an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## Item 7 – Types of Clients

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

The minimum investment to open and maintain an advisory account is \$500,000. XP Advisory's minimum annual fee for all accounts and services is \$5,000, which may be waived at the discretion of the principal. Upon your request, we may aggregate related accounts for spouses and minor children for purposes of calculating portfolio valuation and our fees. We may negotiate our fees taking into consideration such things as the number and size of your accounts, your relationship with other clients, the length of our relationship with you, the complexity of your personal circumstances or desired investment strategies, and other factors.

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

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

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

XP Advisory uses the following methods of analysis: fundamental analysis

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

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

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

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

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

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

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

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

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

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

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

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

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

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

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not



be effective because market conditions may make it impossible to execute such orders. Selling an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

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

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

### **Risk of Loss**

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

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

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

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

As disclosed under the Advisory Business section in this Brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

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

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of XP Advisory or the integrity of XP Advisory's management. XP Advisory has no disciplinary information to disclose at this time. Additional information about XP Advisory is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 10 – Other Financial Industry Activities and Affiliations

XP Advisory is affiliated with XP Investments US, LLC ("XPI"), a FINRA member broker-dealer. XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XPI through 100% ownership of XP Holding International, LLC. XPI and XP Advisory are located in the same office in Miami, FL. Several of XP Advisory's management and associated persons are registered and associated with XPI as registered representatives. For example, Jared Wilson is the Chief Compliance Officer of both entities.

XP Advisory utilizes XPI as an introducing broker-dealer for the majority of the securities transactions of advisory clients. Advisory clients' assets are held in custody at an unaffiliated qualified custodian, such as Pershing, LLC or another broker-dealer, bank, trust company, or other qualified custodian selected by the client. XPI and/or associated persons of XPI receive compensation for brokerage transactions effected in these advisory accounts, and for the purchase of investment products recommended, which poses a conflict of interest. For example, XP Advisory utilizes XPI as an introducing broker-dealer for certain equity, fixed income, options, and mutual fund trades; this is due to, among other factors, market-competitive commission rates, a trading interface with tools suitable for clients' equity and fixed income trading activities, and quality of execution. XPI has established policies and procedures to mitigate conflicts and address applicable regulatory requirements. However, lower fees for comparable services may be available from other sources. Clients are encouraged to request additional information regarding potential conflicts of interest.

XP Advisory Gestão de Recursos Ltda ("XP Advisory Gestão") is an affiliated investment company located in Brazil. XP Advisory maintains a sub-advisory agreement with its affiliate, XP Advisory Gestão. XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XP Advisory Gestão through 100% ownership of XP Investimentos S/A. Pursuant to the sub-advisory agreement in place, XP Advisory may receive from XP Advisory Gestão a portion of the advisory fees charged to its customers. XP Advisory and XP Advisory Gestão maintain clients in common.

XP Investments UK LLP ("XP Investments UK") is an affiliated limited liability partnership located in the United Kingdom. XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XP Investments UK through 100% ownership of XP Holding UK LTD. XP Investments UK is authorized and regulated by the Financial Conduct Authority (FCA) in the UK. XP Advisory and XP Investments UK maintain clients in common.

XP Corretora de Seguros Ltda ("XP Corretora de Seguros") is an affiliated insurance company that offers life and pension products. XP Corretora de Seguros Ltda is located in Brazil and regulated by Superintendência de Seguros Privados (SUSEP). XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XP Corretora de Seguros through 100% ownership of XP Investimentos S/A. XP Advisory and XP Corretora de Seguros may maintain clients in common.

XP Advisory Ltda ("XP Advisory Brazil") is an affiliated investment advisory located in and regulated by the Brazil Security and Exchange Commission. XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XP Advisory Brazil through 100% ownership of XP Investimentos S/A. XP Advisory and XP Advisory Brazil maintain clients in common.



XP Investimentos Corretora de Câmbio, Valores e Titulos Mobiliarios SA (“XP Investimentos”) is a broker-dealer and municipal securities dealer in Brazil. It is one of the companies under the XP Inc group and under common control and ownership with XP Advisory. XP Investimentos is registered with the Securities Commission (CVM – Comissao de Valores Mobiliarios) in Brazil. XP Advisory and XP Investimentos maintain clients in common.

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

XP Advisory is a member and the investment manager to XP Global Strategies SPC (“XP Global Strategies”) and XP Multiple Strategies SPC (“XP Multiple Strategies”), both Cayman Islands exempted companies registered as a segregated portfolio companies (“SPCs”). XP Advisory’s advice to XP Global Strategies and XP Multiple Strategies is limited to the objectives and investment strategies set forth in the investment’s Offering Memorandum. Within the XP Global Strategies SPC and the XP Multiple Strategies SPC there are various segregated portfolio(s) (“SPs”) of the companies. The assets of the SPs are invested in accordance with the terms of their governing documents. XP Advisory charges asset-based fees that are established in its investment advisory agreements with XP Global Strategies and XP Multiple Strategies and in accordance with the terms of the Offering Memorandum. Investment in XP Global Strategies and XP Multiple Strategies is not available to US investors and is not directly or indirectly sold in the US. However, a potential conflict of interest may exist with non-US clients because certain foreign affiliates of XP Advisory may have an incentive to recommend that non-US clients invest in XP Global Strategies and/or XP Multiple Strategies, thereby increasing the compensation XP Advisory or its affiliates receive. XP Advisory addresses such conflicts of interest by honoring its obligation to act in the best interests of clients, by not charging an advisory fee on client investments with XP Global Strategies and/or XP Multiple Strategies and by disclosing such conflicts of interest to its clients.

## **Item 11 – Code of Ethics**

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

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

XP Advisory’s employees and associated persons are required to follow XP Advisory’s Code. Subject to satisfying this policy and applicable laws, officers, directors, and employees of XP Advisory and its affiliates may trade for their own accounts in securities, which are recommended to and/or purchased for XP Advisory’s clients. The Code is designed to assure that the personal securities transactions, activities and interests of XP Advisory’s employees will not interfere with (i) making decisions in the best interest of

advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of XP Advisory's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between XP Advisory and its clients.

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

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

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

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

## **Item 12 – Brokerage Practices**

### Broker-Dealer Recommendation and Best Execution

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

- financial stability;
- reputation and integrity;
- commission rates;
- trading expertise;
- facilities;
- reliability in executing trading and keeping records;
- fairness in resolving disputes; and
- scope of financial services offered.

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

#### Research and Other Soft Dollar Benefits

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

#### Brokerage for Client Referrals

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

#### Directed Brokerage

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

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

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

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

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

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

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

## Item 13 – Review of Accounts

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

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

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

Written reports are sent to clients at least quarterly stating their account performance, asset allocation, securities held in their account, any purchase or sale of securities within the account, and overall market performance. Along with the quarterly reports, XP Advisory recommends quarterly client/adviser meetings to review the past quarter's performance and discuss potential changes in the client's objectives. In addition to our reports, you will receive at least quarterly account statements from your custodian summarizing your current holdings and transactions in your account(s).

XP Advisory will send an email to clients on an annual basis recommending them to review their account information to ensure it is accurate and current. The email will contain personal, financial and account information. If information is missing or incorrect, client needs to contact advisory representative and update. In addition, we recommend client to schedule a call or meeting with the advisory representative to review account portfolio.

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

## Item 14 – Client Referrals and Other Compensation

XP Advisory may pay referral fees to or enter into referral arrangements with eligible third parties ("Promoters") to offer XP Advisory's advisory services or programs pursuant to Rule 206(4)-1 of the Investment Advisers Act of 1940. Where required, XP Advisory will enter into a written agreement with

an eligible Promoter. Under such arrangements, XP Advisory will compensate the Promoters directly if a client enters into a relationship with XP Advisory. This compensation will be ongoing and made up of a portion of the investment advisory fee XP Advisory charges the client, which may be up to 50% of the advisory fee. A Promoter will provide the prospective client with a statement disclosing the terms of the Promoter's arrangement with XP Advisory, including that the Promoter has a financial incentive to endorse XP Advisory based solely on the compensation the Promoter stands to receive. XP Advisory will assure that Promoters are properly licensed or registered in accordance with state securities laws, if required. Clients will not be charged additional or higher than XP Advisory's normal advisory fees because of the referral compensation arrangement.

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

XP Advisory provides Institutional Advisory Services to Glide Funds for which it receives asset-based compensation. A conflict of interest is created with clients because XP Advisory has an incentive to recommend that clients invest in Glide Funds, thereby increasing the compensation it receives. XP Advisory addresses such conflicts of interest by honoring its obligation to act in the best interests of clients, not charging an advisory fee on client investments with Glide Funds and by disclosing such conflicts of interest to clients.

XP Advisory is the investment manager to XP Global Strategies SPC ("XP Global Strategies") and XP Multiple Strategies SPC ("XP Multiple Strategies") for which it receives asset-based compensation. XP Global Strategies and XP Multiple Strategies is not available to US investors and is not directly or indirectly sold in the US. However, a potential conflict of interest may exist with non-US clients because certain foreign affiliates of XP Advisory may have an incentive to recommend that non-US clients invest in XP Global Strategies and/or XP Multiple Strategies, thereby increasing the compensation XP Advisory or its affiliates receive. XP Advisory addresses such conflicts of interest by honoring its obligation to act in the best interests of clients, by not charging an advisory fee on client investments with XP Global Strategies and/or XP Multiple Strategies and by disclosing such conflicts of interest to its clients.

### **Recommendation of Other Advisors**

We may recommend that you use a third-party investment adviser or program as part of our asset allocation and investment strategy. In these cases, XP Advisory will share in the compensation received by the third-party investment adviser. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of a third-party investment adviser. You are not required to use the services of any recommended third-party investment adviser.

## **Item 15 – Custody**

Where we directly debit your account(s) for the payment of our advisory fees, we are deemed to exercise limited custody over your funds or securities. In such cases, we do not have physical custody of your funds and/or securities.



Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period.

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

In cases where client assets are held in an omnibus account, with XP Advisory named as agent or trustee for the clients, we are deemed to have custody over those client funds and securities. We have retained an independent certified public accountant to conduct an annual surprise examination of client funds and securities in such accounts in accordance with applicable regulatory safekeeping requirements.

## **Item 16 – Investment Discretion**

XP Advisory may receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, XP Advisory adheres to the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, XP Advisory's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

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

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

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

## **Item 18 – Financial Information**

XP Advisory has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.