

## **Form ADV Part 2A, Appendix 1: Wrap Fee Program Brochure**

### **Item 1 - Cover Page**

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**March 28, 2024**

XP Advisory US, Inc. is a registered investment adviser. An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This wrap fee program brochure provides information about the qualifications and business practices of XP Advisory US, Inc. 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.

Additional information about XP Advisory US, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

The purpose of this page is to inform you of any material changes since the previous version of this wrap fee brochure.

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

If you would like to receive a complete copy of our current wrap fee brochure free of charge at any time, please contact us at (786) 725-5983.

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

##### **Services**

XP Advisory US, Inc. ("XP Advisory," "the Firm," "Us," "We") offers a wrap fee program, the XP Advisory US Wrap Fee Program ("Wrap Fee Program"), whereby XP Advisory manages client accounts for a single, bundled fee that includes our investment management fees, certain transaction, custodial, and administrative costs. Under the Wrap Fee Program, XP Advisory offers discretionary and non-discretionary investment management services designed to assist clients in obtaining professional portfolio management for a convenient inclusive "wrap fee."

Discretionary investment management means we will make investment decisions and place buy or sell orders in your account without contacting you prior. Discretionary authorization is granted to us by you in a written agreement. This allows us to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is granted using either the investment advisory agreement you sign with us, a limited power of attorney agreement, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing us with restrictions and guidelines in writing. Non-discretionary investment management means that we must obtain your approval prior to placing any trades in your account.

##### **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 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.

There are no differences in how we manage wrap fee accounts and how we manage other accounts. Our investment advice is tailored to meet our clients' needs and investment objectives. Once the portfolio allocation has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. As investment manager, XP Advisory is responsible for the research, security selection, and implementation of transaction orders in the client's account. The Wrap Fee Program is only offered to clients that maintain accounts at qualified custodian, Pershing, LLC ("Pershing"), and introduced through XP Investments US, LLC ("XP Investments"). Both Pershing and XP Investments are members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Transactions in client accounts are executed by XP Investments.

XP Advisory receives a portion of the Wrap Fee for investment management services. XP Investments will also receive a portion of the fee for trade execution expenses. The terms and conditions under which a client participates in the Wrap Fee Program are set forth in the written agreement between the client and XP Advisory. The overall cost incurred from participation in the Wrap Fee Program may be higher or lower than if the services were purchased separately.

XP Advisory provides investment management services to clients with an extensive array of products which allow them to efficiently access international capital markets. We are an open platform but conduct due-diligence on each product proposed in a clients' portfolios, 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. A majority of our clients are high net worth individuals and corporations. XP Advisory also provides investment advisory services to domestic and off-shore 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.

Wrap accounts are managed to diversify clients' investments and may include various types of securities such as listed U.S. and International stocks, exchange traded funds (ETFs), equity and index options and (American depository receipts (ADRs); fixed income products, including treasuries, government notes and bonds, corporate bonds, emerging market bonds, international sovereign bonds, and agency bonds; and, mutual funds. Other types of investments may also be recommended where we deem such investments appropriate based on your stated goals and objectives. We may also make recommendations regarding any type of investment held in your portfolio at the inception of the advisory relationship.

Asset allocation models diversified among investment styles and/or asset classes are developed and managed by us based on research conducted by XP Advisory. Once the client portfolio is constructed, XP Advisory provides continuous supervision of the portfolio as changes in the market conditions and client circumstances may require. Investments and allocations are determined based upon the clients' predefined objectives, risk tolerance, time horizons, financial horizons, financial information, and other various suitability factors. Further restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio. For these reasons, performance of the portfolio might not be identical with other clients of XP Advisory. We review the clients' financial circumstances and investment objectives on an ongoing basis and make adjustments to clients' portfolios or allocation models as may be necessary to achieve the desired results.

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. You must promptly notify our firm of any changes in your financial circumstances or investment objectives that might affect the manner in which your accounts should be managed.

**Fees**

XP Advisory offers the Wrap Fee Program which charges a single asset-based fee for its management services, which includes the cost of investment management services and certain transaction, custodial, and administrative costs. XP Advisory will either bill you directly for payment of our fees or the fees will be deducted from your account held at Pershing. If the client has multiple accounts managed by XP Advisory, we may deduct the fee from a single, client-designated account to facilitate billing.

We will deduct our fee automatically from your account through your qualified custodian, Pershing only when the following requirements are met:

- We have authorization from you, in writing, permitting the fees to be paid directly from an account held by the qualified custodian.
- We disclose to you that it is your responsibility to verify the accuracy of the fee calculation and that the qualified custodian holding your funds and securities will not determine whether the fee is accurately calculated.
- The qualified custodian holding your funds and securities agrees to send you a statement, at least quarterly, showing all funds that came out of your account including the amount of the advisory fee paid directly to our firm.

We encourage you to carefully review the statements you receive from the qualified custodian holding your funds and securities. If you have questions about your statements, or if you did not receive a statement from the qualified custodian, please call our office number located on the cover page of this brochure.

The fee charged to the account is negotiable and is set forth in the agreement for services between the client and XP Advisory. Upon entering into the agreement, you will open an account with XP Investments, which maintains a fully disclosed clearing relationship with Pershing to provide custodian and clearing services. Pershing's relationship to with XP Advisory is limited to the clearing relationship maintained with XP Investments. Pershing will provide you with securities custody services. On an annualized basis, the management fee will be defined between a range of 0.10% and 1.10% considering the Assets Under Management on an annual basis.

The annual fee for the Wrap Fee Program is billed quarterly in arrears based on the average daily balance for the preceding calendar quarter. Fees will be assessed pro rata in the event the investment management is executed at any time other than the first day of a billing period.

Unless otherwise instructed by you, we will combine the value of related accounts fee calculation/payment purposes to assist you in meeting fee breakpoints and therefore potentially lowering the overall fee. XP Advisory extends this option to accounts residing in the same household and certain members of the same family. For example, we combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

**Termination**

The agreement for services may be terminated within five (5) business days of signing the agreement without penalty. After the five-day period, the investment management agreement between XP Advisory and the client will continue in effect until either party terminates in accordance with the terms of the agreement. Either party may terminate the agreement upon 30-days' written notice to the other party. The annual fee will be pro-rated

through the date of termination. Fees are due in arrears (unless otherwise agreed upon in writing), but in the unlikely, event there are any prepaid, unearned fees, XP Advisory will return a pro rata share to the client.

Upon termination of accounts held custody at Pershing, Pershing will deliver securities and funds held in the account as instructed by client, unless the client requests that the account be liquidated. After the agreement has been terminated, transactions are processed at the prevailing brokerage rates. The client then becomes responsible for monitoring their own assets and XP Advisory has no further obligation to act or provide advice with respect to those assets.

In determining whether to establish a Wrap Fee Program account, you are advised that the overall cost of the Wrap Fee Program may be higher or lower than you might otherwise incur by purchasing separately the types of securities available in the Wrap Fee Program. In order to compare the cost of the Wrap Fee Program with unbundled services, you 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 by XP Investments, or at other broker-dealers, custodians, and investment advisers.

#### **Additional Fees and Expenses**

The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory client.

The Wrap Fee Program Fee includes the costs of brokerage commissions for transactions executed through Pershing (or a broker-dealer designated by Pershing), and charges relating to the settlement, clearance, or custody of securities in the account. The Wrap Fee Program fees do not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through XP Investments, costs associated with exchanging currencies, wire transfer fees, financial leverage margin (for margin account at Pershing), margin extension, corporate action, clearing firm cost per trade, maintenance fee for alternatives, or other fees required by law or imposed by third parties. Clients will be responsible for these additional fees and expenses.

Certain circumstances may arise that may require XP Advisory, in compliance with best execution obligations to a client, to place a client's trade order with a firm other than XP Investments. If trade orders are placed for a client's account for execution by a firm other than XP Investments, and the other firm imposes a commission or equivalent fee on the trade (including a commission imbedded in the price of the investment), the client will incur trading costs in addition to the Wrap Fee Program fee.

All fees paid to XP Advisory for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. 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, a client may pay an initial or deferred sales charge.

Each mutual fund, or ETF in which the account may be invested will also charge management fee, other internal expenses, and a possible distribution fee.

There may be other costs assessed, which are not included in the Wrap Fee Program Fee, such as national securities exchange fees; charges for transactions with respect to assets not executed through the custodian, costs associated with exchanging currencies; wire transfer fees; or other fees required by law.

All of the fees and expenses discussed above will be indirect expenses borne by the account, and will be in addition to the Wrap Fee Program Fee. You should consider all of these fees and expenses (including the Wrap Fee Program Fee) to fully understand the total amount of fees and expenses to be paid by the account and to evaluate the advisory services being provided. The fees and expense related to mutual funds, or ETFs are disclosed in their respective prospectus or summary disclosure document.

Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties. There are other fees and charges described below that are imposed by other third parties that generally apply to investments in wrap fee program accounts.

- If a client's assets are invested in mutual funds or other pooled investment products, clients are advised that there will be two layers of advisory fees and expenses for those assets. Clients will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund on top of the wrap fee paid to XP Advisory. A client could invest in a mutual fund directly, without the services of XP Advisory, in which case, the client would not receive the services provided by XP Advisory that are designed, in part, to assist the client in determining which mutual fund or funds are most appropriate for the client's specific financial circumstances and objectives.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a wrap fee program account.

#### 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.

Further information regarding fees assessed by a mutual fund is available in the appropriate prospectus, which is available upon request from XP Advisory or from the product sponsor directly.

#### **Other Important Considerations**

- Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on your financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a wrap fee program depend, in part, upon the size of the account and the number of transactions likely to be generated in the account. For example, a wrap fee program may not be suitable for accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Wrap Fee Program Fee and any other costs associated with the Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Wrap Fee Program.
- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the wrap fee program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size of or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a wrap fee program account.

- The investment products available to be purchased in the wrap fee program can be purchased by clients outside of a wrap fee program account, through broker-dealers or other investment firms not affiliated with XP Advisory.
- XP Advisory and our advisory representatives will receive compensation as a result of your participation in the Wrap Fee Program. This compensation may be more than the amount our firm or the representative would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our representatives have a financial incentive to recommend the Wrap Fee Program, and may recommend the Wrap Fee Program over other programs or services for which the compensation arrangements are not as beneficial.
- Due to the single fee charged to a Wrap Fee Program account, we may be regarded as having a conflict of interest in that we may realize a greater profit on a Wrap Fee Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

#### **Item 5 - Account Requirements and 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 6 - Portfolio Manager Selection and Evaluation**

##### **Portfolio Managers**

XP Advisory is the sole sponsor and portfolio manager of the Wrap Fee Program. Thiago Favery, Head of Wealth Management, and other investment adviser representatives of the firm are the portfolio managers for XP Advisory. This creates a conflict of interest in that investment adviser representatives, including Mr. Favery, could place their interests before a client's interest. However, We have adopted Compliance Procedures and a Code of Ethics that requires investment adviser representatives, including Mr. Favery and any other employees of the Firm to adhere to industry rules and regulations, including fiduciary duties inherent to registered investment advisers, and to avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of clients.

We have chosen not to utilize outside portfolio managers. Therefore, there is no selection and review of outside portfolio managers. Neither us, nor any third-party reviews performance information to determine or verify its accuracy.

In jurisdictions that require registration, portfolio managers are registered as investment adviser representatives. For more information about the business and educational backgrounds of our portfolio managers and investment adviser representatives, including Mr. Favery, please refer to the ADV Part 2B Brochure Supplements provided to you along with the copy of our disclosure brochure (Form ADV Part 2A). You may contact Jared Wilson, Chief Compliance Officer at (786) 732-1123 with any questions you may have.

Participants in the Wrap Fee Program will receive an individual quarterly performance report, which provides performance information on a time-weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period on an absolute basis and compared to benchmarks.

#### **Additional Information**

Please see “Item 4 – Advisory Services, Fees and Compensation” above for additional information about our wrap fee services, including fees and compensation, costs associated with participation in the program, and how we tailor our services to the individual needs of clients, including how clients can impose restrictions on investing in certain securities or types of securities.

Please refer to our firm brochure (Part 2A of Form ADV) for additional information about XP Advisory regarding our associated persons, and advisory business, including other services and fees.

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

Performance-based fees are based on a share of capital gains on or capital appreciation of the client’s assets. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. For Wrap Fee accounts, we do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Services and Fees* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account(s).

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

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 to which XP Advisory provides Institutional Advisory Services are set forth in the specific investment’s Private Placement Memorandum or Explanatory Memorandum.

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

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 of 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**

We recommend various 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 of 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.

#### **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 7 - Client Information Provided to Portfolio Managers**

XP Advisory is the sole sponsor of the Wrap Fee Program and together with its portfolio managers has access to and is responsible for maintaining all information provided by clients. Client information will be updated in the company records upon notification of changes provided by clients and during client meetings between XP Advisory and clients.

#### **Confidentiality**

We are committed to safeguarding the personal information you entrust to us and consider any nonpublic information that personally identifies you, your entity or your entity's accounts as "personal information." Protecting the confidentiality and security of client information is an important part of how we conduct our business.

To help deliver the best possible service to you and fulfill our regulatory obligations as required by law we may collect non-public information provided by you, including information from forms we receive from you, information about your transactions with us or our affiliates, information about your transactions with non-affiliated third parties through which we conduct business, and information from consumer reporting agencies, for example.

We may disclose personal information we collect about you to affiliated companies in order to manage your account(s) effectively, to service and process your transactions, for marketing purposes in order to let you know about products and services offered by us and our affiliated companies, to manage our business, and as otherwise required or permitted by law. We may disclose personal information that we collect about you to non-affiliated third parties with which we have contractual agreements, such as your account custodians, broker-dealers, and clearing firms. These contracts require such non-affiliated third parties to limit their use of personal information about you to the particular purpose for which it was shared, and further obligate them to keep your personal information confidential. We may disclose personal information to other financial professionals if you have specifically asked us to do so in writing. Additionally, we may disclose or report personal information in limited circumstances when we are required to do so under U.S. law, such as when cooperating with a U.S. regulatory agency or law enforcement. We will not sell your personal information to anyone under any circumstance.

You will be provided with a copy of our Privacy Policy Notice prior to or upon engaging us for services. We will send you an updated copy should we make any material changes to our collection and sharing policies, and/or periodically as required by applicable law. Additionally, if you have questions regarding our privacy policies, please contact Jared Wilson, Chief Compliance Officer at (786) 732-1123.

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

XP Advisory is the sole sponsor and portfolio manager to the Wrap Fee Program. Clients are free to contact XP Advisory or their designated investment adviser representative at any time with questions regarding the Wrap Fee Program. We can be reached at (786) 725-5983.

#### **Item 9 - Additional Information**

##### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of 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).

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

###### ***Broker-Dealer Affiliations***

XP Advisory is affiliated with XP Investments, a FINRA member broker-dealer. XP Inc. directly owns 100% of XP Advisory and indirectly owns 100% of XP Investments through 100% ownership of XP Holding International, LLC. XP Investments and XP Advisory are located in the same office in Miami, Florida. Several of XP Advisory's



management and associated persons are registered and associated with XP Investments as registered representatives. For example, Jared Wilson is the Chief Compliance Officer of both entities therefore making both entities under common control.

XP Advisory utilizes XP Investments 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 or another broker-dealer, bank, trust company, or other qualified custodian selected by the client. XP Investments and/or associated persons of XP Investments receive compensation for brokerage transactions effected in these advisory accounts, and for the purchase of investment and insurance products recommended, which poses a conflict of interest. For example, XP Advisory utilizes XP Investments 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. XP Investments 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.

#### ***Affiliations with Other Investment Advisers***

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.

#### ***Private Fund Affiliations***

XP Advisory provides Institutional Advisory Services to Glide Fund Series, LLC and Glide Fund SPC Ltd. ("Glide Funds"), domestic and off-shore 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.

#### **Other Affiliates**

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 – Comissão de Valores Mobiliarios) in Brazil. XP Advisory and XP Investimentos maintain clients in common.

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

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 XP Advisory'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.

#### **Review of Accounts**

XP Advisory monitors its managed accounts on a systematic basis. Thiago Favery, Head of Wealth Management for XP Advisory, 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

#### **Reports to Clients**

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 periodic 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).

#### **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 XP Investments. 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 XP Investments 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.

#### **Financial Information**

XP Advisory does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. XP Advisory has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.