

**Item 1 – Cover Page**

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March 28, 2024

This Brochure provides information about the qualifications and business practices of Arco Global Management, LLC (“AGM”, “us” or “we”). If you have any questions about the contents of this Brochure, please contact us at (787) 993-9650. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “Commission” or the “SEC”) or by any state securities authority.

AGM is registered as an investment adviser with the SEC and not with any state securities authority. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about AGM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Pursuant to SEC rules, we are required to update our Brochure at least annually and provide you with a summary of any material changes since the previous annual amendment.

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#### **Item 4 – Advisory Business**

AGM currently provides investment and asset management services to an offshore permanent capital vehicle (collectively with such clients' subsidiaries, the "Client") with a focus on real estate, lending and acquisition activities primarily in emerging European and Latin American markets. The Client may also invest in a broad range of financial instruments, publicly traded securities (including options, leveraged ETFs (short and long) and IPOs), structured credit, venture capital, REITs, private equity and real estate transactions, including lending, mezzanine finance and acquisition activities in global markets, as well as in cryptocurrencies, tokens or other digital assets. AGM's principal owner is Francesco Piovanetti.

AGM has been the investment adviser of the Client since April 2017 when it became the successor adviser of Bond Street Management LLC ("BSM"). In turn, BSM was the investment manager of the Client since 2012, when it replaced Arco Capital Management LLC ("ACM") as manager. The principal owner of AGM was also a principal owner of Bond Street Management LLC and of Arco Capital Management LLC, who in turn managed the Client since its inception.

AGM has broad discretionary authority to determine the type and amount of securities, assets or investments to be bought or sold. AGM's principal owner is also the sole member of the Client's board of directors.

AGM does not provide wrap fee programs.

As of March 28, 2024, AGM has approximately \$288 million of regulatory assets under management, which are managed on a discretionary basis.

#### **Item 5 – Fees and Compensation**

AGM receives a fixed management fee of \$960,000 per year from the Client or its subsidiaries, payable quarterly in advance. AGM deducts these fees directly from the Client's account, usually, on a quarterly basis or at such other times as it deems appropriate in order to accommodate the cash flow management of the Client and its subsidiaries. In addition, the Client and its subsidiaries periodically reimburse AGM for certain expenses incurred on behalf of the Client or its subsidiaries, including, without limitation, deal pursuit costs, custodial fees, filing fees, insurance costs, office facilities, taxes and other expenses paid on behalf of the Client from time to time, subject to the oversight of the Client's board of directors. Furthermore, and in order to facilitate the Client's cash management function, it may also make advances to AGM so that the latter pays for certain recurring and one-off expenses of the Client directly. Finally, the Client may direct certain of its subsidiaries to directly pay certain of AGM's expenses and such payments are deducted from the payment of the relevant quarterly management fee described above so that such directed payments do not result in an overpayment of management fees to AGM.

In addition to the management and performance fees discussed in this item and Item 6, AGM may earn other fees for other services provided to the Client, including deal related fees, consulting,

property management, acquisition or disposition of assets, finders fees, one-off transaction fees, bonuses or supervisory fees related to certain assets of the Client.

To the extent that the management agreement is terminated by the Client prior to the end of the relevant billing period, any unearned fee will be refunded to the Client. Furthermore, AGM's management agreement with the Client provides for incentive fees to AGM as described in Item 6 below.

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

The fees charged by AGM may be deemed to be higher than the fees typically charged by other advisers for services similar to those provided by AGM to the Client.

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

Our management agreement with the Client provides for the payment of various incentive or performance based fees (including fees based on a share of capital gains or capital appreciation of the assets of the Client) if certain thresholds or performance metrics on the exit or monetization of various assets are met.

We do not currently manage side-by-side accounts which are charged performance based fees, on the one hand, and another type of fee (including flat fees) on the other.

### **Item 7 – Types of Clients**

AGM principally targets portfolio, asset management and consulting services to pooled investment vehicles and private funds whose underlying investors are financially sophisticated and met the definition of "qualified client", as defined by the relevant rules of the SEC, when they became investors. AGM may also provide such services to high net worth individuals or persons (natural or legal) which may or may not qualify as accredited investors.

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

AGM uses fundamental analysis to determine which investments to make in the Client's portfolio. AGM defines fundamental analysis as the thorough analysis of key business factors relevant to a given investment. These key business factors include: analysis of financial statements, earnings, dividends, management structure, competitive advantages, product offerings, competitors and markets. In essence, this method of analysis evaluates the overall condition of the company to determine whether it is a sound investment. Despite the fundamental analysis performed by AGM, any investment in securities carries market risk and investors may lose their principal investment.

The investment strategy used for certain private and public investments of the Client includes both capital preservation and growth. Seeking capital preservation with limited risk involves investing in passive strategies using fixed income products, including, but not limited to, senior, mezzanine and subordinated loans and real estate; whereas growth strategies involve active and risky

strategies using stocks, and stock options, as well as private company and venture capital investments.

AGM may engage in frequent and active trading on behalf of clients, including, but not limited to, trading on IPO's, exchange traded funds and other types of securities and investment vehicles (open/closed ended, diversified and non-diversified funds). Some of these securities might track indexes, specific industries or other investment themes (including short/long term futures, options, volatility or derivatives). Also, some of these funds might engage in substantial leverage strategies in order to magnify returns. These strategies are very risky and might result in the complete loss of the principal or other amount invested. Furthermore, active and frequent trading strategies may entail additional risk due to a greater frequency in transactions, which may involve additional brokerage fees, transaction costs, and taxes.

AGM might recommend strategies that use options and other derivative products which may entail additional risk as losses which may exceed those seen in the underlying security. Lastly, AGM may also recommend strategies that include private placements, IPOs, investments in private equity, structured credit, real estate and venture capital which entail greater risk as these offerings have limited regulatory oversight, have less liquidity, and depend on the due diligence performed.

Every strategy pursued by AGM on behalf of the Client entails a significant degree of risk and the Client and its underlying investors are advised to pay special attention to the sections of the respective disclosure document or offer to purchase documents that have been delivered in due course which discuss risk factors, conflicts of interest and other investment considerations. Below please find a brief description of some of the applicable risks based on some of the investment products and strategies referenced above. These are qualified in their entirety to the disclosure included in the disclosure documents referenced above.

### **Risks Related to Market Disruption, the Covid Pandemic and Russia-Ukraine Conflict**

Global instability, geopolitical tensions and conflicts (such as the current Russia-Ukraine armed conflict), terrorist attacks in the United States, in Europe, Asia and around the world, and the global pandemic have resulted in market volatility, inflation and may have long-term effects on the United States, Europe and worldwide financial markets. AGM cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, inflation, credit risk, inflation and other factors. The Covid 19 epidemic outbreak and the current Russia-Ukraine armed conflict have caused uncertainty in markets and businesses, including AGM and its clients' businesses, and may adversely affect the performance of the global economy, including causing market volatility, inflation, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. AGM has policies and procedures to address known situations, but because a large epidemic and major armed conflict creates significant market and business uncertainties and disruptions, not all events that could affect AGM and its clients' businesses and/or the markets can be determined and addressed in advance. Finally, given the daily evolution and fluid nature of the Russia-Ukraine armed conflict, as well as the Covid 19 outbreak and the global responses to curb its spread, AGM is not able to

estimate the future implications and effects of those events or of the resulting higher inflation (and higher gas prices) on its results of operations, proposed construction projects, financial condition or liquidity.

## **Potentially High Levels of Trading Risk**

AGM'S strategies can lead to high levels of trading. High levels of trading could result in (a) bid-ask spread expense; (b) trade executions that may occur at prices beyond the bid-ask spread (if quantity demanded exceeds quantity available at the bid or ask); (c) trading that may adversely move prices, such that subsequent transactions occur at worse prices; (d) trading that may disqualify some dividends from qualified dividend treatment; (e) unfulfilled orders or portfolio drift, in the event that markets are disorderly or trading halts altogether; and (f) unforeseen trading errors.

## **Risks related to investing in Exchange Traded Funds**

Investing in an exchange-traded fund (ETF) exposes a client's portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the cost of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on market demand, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track. A client account may not be able to liquidate ETF holdings at the time and price desired, which may impact performance.

## **Risks Related to Emerging Markets Investments**

Risks particularly relevant to investments in emerging markets may include greater dependence on exports and the corresponding importance of international trade, higher risk of inflation, more extensive controls on foreign investment and limitations on repatriation of invested capital, increased likelihood of governmental involvement in, and control over, the economies, decisions by the relevant government to cease its support of economic reform programs or to impose restrictions, government corruption, and less established laws and regulations regarding fiduciary duties of officers and directors and protection of investors.

## **Risks Related to Real Estate Investments**

Real estate investments are long-term investment vehicles that are subject to market risk, including the potential loss of principal invested. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate or geopolitical conditions (like the current Russian-Ukraine armed conflict); (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management of properties; (iv) competition based on rental rates; (v) attractiveness and location of properties; (vi) financial

condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in operating costs caused by, among other factors, higher inflation and gas prices; (ix) changes in interest rates and the availability of leverage which may render the sale or refinancing of properties difficult or impracticable; (x) uninsured losses or delays from casualties or condemnation; (xi) government laws or regulations (including those governing usage, improvements, zoning and taxes, as well moratoriums on rental payments); (xii) potential liability under changing environmental and other laws; (xiii) structural or property level latent defects; (xiv) acts of God (including pandemics such as the current Covid-19 one); and (xv) other factors beyond the control of AGM. Rising construction costs, caused by higher inflation, should have a direct and potentially material impact on the construction budget of the Client's proposed commercial office building project in Sofia, Bulgaria.

### **Risks Related to Private Equity Investments**

Private equity is a common term for investments that are typically made in private or public companies through privately negotiated transactions, and generally involve equity-related finance intended to bring about some kind of change in a private business (*e.g.*, providing growth capital, recapitalizing a company or financing an acquisition). Private equity funds, often organized as limited partnerships, are the most common vehicles for making private equity investments. Investment in private equity involves the same types of risks associated with an investment in any operating company. However, securities issued by private partnerships tend to be more illiquid, and highly speculative. Private equity has generally been dependent on the availability of debt or equity financing to fund the acquisitions of their investments. Depending on market conditions, however, the availability of such financing may be reduced dramatically, limiting the ability of private equity to obtain the required financing.

### **Risks Related to Venture Capital Investments**

Venture capital is usually classified by investments in private companies that have a limited operating history, are attempting to develop or commercialize unproven technologies or implement novel business plans or are not otherwise developed sufficiently to be self-sustaining financially or to become public. Although these investments may offer the opportunity for significant gains, such investments involve a high degree of business and financial risk that can result in substantial losses, which risks generally are greater than the risks of investing in public companies that may be at a later stage of development.

### **Risks Related to Mezzanine Investments**

Structurally, mezzanine loans usually rank subordinate in priority of payment to senior debt, such as senior bank debt, and are often unsecured. However, mezzanine loans rank senior to common and preferred equity in a borrower's capital structure. Mezzanine debt is often used in leveraged buyout and real estate finance transactions. Typically, mezzanine loans have elements of both debt and equity instruments, offering the fixed returns in the form of interest payments associated with senior debt, while providing lenders an opportunity to participate in the capital appreciation of a borrower, if any, through an equity interest. This equity interest typically takes the form of warrants. Due to their higher risk profile and often less restrictive covenants as compared to senior



loans, mezzanine loans generally earn a higher return than senior secured loans. The warrants associated with mezzanine loans are typically detachable, which allows lenders to receive repayment of their principal on an agreed amortization schedule while retaining their equity interest in the borrower. Mezzanine loans may also include a "put" feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed-upon formula. Mezzanine investments may be issued with or without registration rights. Similar to other high yield securities, maturities of mezzanine investments are typically seven to ten years, but the expected average life is significantly shorter at three to five years. Mezzanine investments are usually unsecured and subordinated to other obligations of the issuer.

## **Risks Related to Investments in Small- and Medium-Capitalization Companies**

Investments in small and medium capitalization companies may provide significant potential for appreciation, but they may also involve higher risks than do investments in securities of larger companies. For example, the risk of bankruptcy or insolvency is higher than for larger, "blue-chip" companies. Their operations are also more generally susceptible to rising inflation.

## **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 an evaluation of AGM or the integrity of AGM's management. AGM has no information disclosable under this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

There is no information disclosable under this Item.

## **Item 11 – Code of Ethics**

AGM has adopted a Code of Ethics (the "Code") for all supervised persons of the firm describing its high standard of business conduct and fiduciary duties to its Client. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at AGM must acknowledge the terms of the Code of Ethics annually or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AGM will not interfere with (i) making decisions in the best interest of the Client, (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts and (iii) complying with applicable laws and regulations. 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 interests of AGM's clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as the Client, there is a possibility that employees might benefit from market activity by a client in a security held by an



employee. Employee trading is monitored under the Code of Ethics in order to reasonably prevent conflicts of interest between AGM and the Client.

AGM's employees and associated persons are required to follow AGM's Code of Ethics. Subject to observing this policy and applicable laws, owners and employees of AGM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Client.

AGM anticipates that, in appropriate circumstances, consistent with the Clients' investment objectives, it may cause accounts over which AGM has management authority to effect, and may recommend to the Client or prospective client, the purchase or sale of securities in which AGM, its affiliates and/or clients, directly or indirectly, have a position of interest.

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 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.

It is AGM's policy that the firm will not effectuate any principal or agency cross securities transactions for client accounts. AGM will also not cross trades between client accounts.

AGM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Angel L. Rodríguez at [arodriguez@arcocapital.com](mailto:arodriguez@arcocapital.com).

## **Item 12 – Brokerage Practices**

AGM is not a broker/dealer or otherwise in the business of trading. However, AGM's principal client has engaged and might engage again in the future in active and frequent trading strategies. Accordingly, in these instances, AGM uses its best judgment to choose the best broker or dealer most capable of providing the services necessary to obtain the most favorable execution. The full range and quality of services available will be considered in making these determinations. Best execution will be judged by many factors including the following: price (commissions included, if any), ability to execute and clear trades and quality of service regarding broad market coverage. In those instances where it is reasonably determined that more than one broker or dealer can offer the services needed to obtain the most favorable execution, consideration may be given to those brokers or dealers who supply investment research, statistical information and other services related to investment research. In all cases, AGM must have determined that the fees charged by the broker or dealer are reasonable and competitive services rendered.

## **Research and Other Soft Dollar Benefits**

AGM generally does not accept or use soft dollars and has no soft dollar arrangements at present.

### **Trade Aggregation**

AGM currently only has one client so that it does not engage in the practice of aggregating trades of investments/securities.

### **Brokerage for Client Referrals**

AGM does not generally receive client referrals from brokers and does not select brokers based on referrals.

### **Item 13 – Review of Accounts**

AGM reviews its portfolio on a monthly and yearly basis. The monthly reviews are performed primarily to detect any anomaly in the portfolio or a major unscheduled event. Additionally, on a regular basis, AGM monitors and reviews news wires, selected newspapers, local market feedback obtained from AGM's network of service providers, and research material provided by third parties to review current investment views and develop new investment ideas.

AGM's Chief Executive Officer ("CEO") is responsible for the oversight and day to day operations of the entire portfolio, the day to day oversight of several of the assets, new investment idea generation and, with the assistance of outside advisors, preliminary legal and diligence review. Also, the CEO reviews potential investment opportunities impact on the managed fund and monitors the investments once they are underwritten. The CEO has primary responsibility for all investments

AGM uses commercially reasonable efforts to prepare and distribute to the Client quarterly and yearly financial reports.

### **Item 14 – Client Referrals and Other Compensation**

AGM does not compensate other financial professionals to refer clients to AGM for investment advisory services. Furthermore, no one who is not a client provides an economic benefit to us for providing investment advice or other advisory services to our clients.

### **Item 15 – Custody**

AGM seeks to comply with the SEC's Custody Rule by having a qualified and independent public accountant audit annually the Client's accounts. Audited financial statements are also provided to investors of the Client. Additionally, AGM causes the Client's cash and securities to be held by qualified custodians.

### **Item 16 – Investment Discretion**

AGM generally has discretionary authority at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, subject to the supervision of the board of directors of the Client. AGM observes the investment policies, limitations and restrictions of its

clients when selecting securities and determining amounts to be invested on their behalf unless otherwise authorized by the Client's board of directors.

Any investment guidelines and restrictions with respect to management of the Client are generally contained in the relevant agreement between AGM and the Client and, also, in the policies (if any) or minutes established by the board of directors of the Client.

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

AGM does not have any authority to and does not vote proxies on behalf of advisory clients. The Client retains the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. AGM may provide advice to clients regarding the clients' voting of proxies and certain of AGM's employees and/or officers may be authorized to vote on behalf of advisory clients in their capacities as officers or directors of said clients or their subsidiaries.

### **Item 18 – Financial Information**

We have no financial commitment or condition that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance.

### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.