

**ITEM 1 COVER PAGE**

**LV ADVISORY SPA  
WRAP FEE PROGRAM BROCHURE**

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This wrap fee program brochure provides information about the qualifications and business practices of LV Advisory SPA (“**LV Advisory**”), an investment adviser registered with the United States Securities and Exchange Commission (the “**SEC**”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please contact us at [lvadvisory@larrainvial.com](mailto:lvadvisory@larrainvial.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about LV Advisory is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 MATERIAL CHANGES**

This Brochure, dated as of March 2024, has been prepared in connection with LV Advisory's annual updating amendment to Form ADV for the fiscal year ending December 31, 2023. There have been no material changes made to this brochure since we submitted our last annual amendment on March 21, 2024.

### ITEM 3      TABLE OF CONTENTS

	<b>Page</b>
ITEM 1   COVER PAGE .....	1
ITEM 2   MATERIAL CHANGES.....	2
ITEM 3   TABLE OF CONTENTS .....	3
ITEM 4   SERVICES, FEES AND COMPENSATION .....	4
ITEM 5   ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS.....	5
ITEM 6   PORTFOLIO MANAGER SELECTION AND EVALUATION.....	5
ITEM 7   CLIENT INFORMATION PROVIDED TO PORTFOLIOMANAGERS .....	11
ITEM 8   CLIENT CONTACT WITH PORTFOLIO MANAGERS .....	11
ITEM 9   ADDITIONAL INFORMATION .....	12

#### ITEM 4 SERVICES, FEES AND COMPENSATION

LV Advisory is part of the group of financial service companies (the “**LV Group**”) that are subsidiaries of Larraín Vial Company (the “**Company**”), which was founded in 1934. LV Advisory is the sponsor of a wrap fee program (the “**Program**”).

Larraín Vial S.A. Corredora de Bolsa (the “**LV Broker-Dealer**”), a member of the LV Group, will perform an analysis of its clients’ financial profiles, life objectives, investment horizons and risk tolerance, and, based on the recommended portfolio, may recommend that certain of its clients become clients of LV Advisory and use a portion of their assets to participate in the Program. In the Program, LV Advisory will act as a non-discretionary investment adviser to its clients. Based on a suitability analysis of a client’s goals, assets and future needs, LV Advisory may refer the client to one or more unaffiliated U.S. registered investment advisers (each, a “**U.S. Portfolio Manager**”) for the purpose of investing in U.S. and non-U.S. publicly traded equity and debt securities.

If LV Advisory refers a client to a U.S. Portfolio Manager, and the client decides to open an advisory account with the U.S. Portfolio Manager, the U.S. Portfolio Manager will open a non-discretionary advisory account for the client (although it is anticipated that the U.S. Portfolio Manager will retain discretion to select the broker-dealer(s) to be used for any securities transactions).

If a U.S. Portfolio Manager recommends that a client buy or sell securities, the U.S. Portfolio Manager will communicate that advice (the “**U.S. Advice**”) to LV Advisory, and a strategy unit of the LV Broker-Dealer (“**LV Estrategia**”) will review and evaluate the U.S. Advice (based on that client’s financial profile, life objectives, investment horizon and risk tolerance). LV Advisory will then communicate LV Estrategia’s recommendation to the client. If the client accepts the U.S. Advice, the client will indicate the same (specifying the parameters of the price (e.g., limit or market orders) at which the transaction should be executed) by either it or LV Advisory (using a power of attorney granted to it by the client) communicating that order to the U.S. Portfolio Manager through LV Broker-Dealer, LV Advisory’s affiliated broker-dealer<sup>1</sup>. The U.S. Portfolio Manager will then, taking into account its investment advisory best execution obligations, select a broker dealer to execute the transaction (which may or may not be an affiliate of the U.S. Portfolio Manager).

LV Advisory anticipates that it will be compensated for the Program with a referral fee paid to it by the U.S. Portfolio Manager (which will be a portion of the fees that the U.S. Portfolio Manager charges to the clients referred to it under the Program). Fees charged by LV Advisory are negotiable (as between LV Advisory and the U.S. Portfolio Manager). It is not anticipated that (i) clients participating in the Program would pay any greater compensation to the U.S. Portfolio Manager than they would if they became clients of the U.S. Portfolio Manager independently of the Program, or (ii) the U.S. Portfolio Manager will be an affiliate of LV Advisory.

Clients should note that the Program may cost clients more or less than purchasing the services separately. However, it is not anticipated that the cost of the Program will vary based on the cost of the services if provided separately, or the trading activity in a client’s account. Affiliates of LV Advisory may recommend the Program to certain of their clients, and LV Advisory will receive fees under the Program (as described above). The amount of the fee may be more than what an affiliate would receive (through its common ownership with LV Advisory) if a client paid separately for investment advice, brokerage and other services. LV Advisory’s affiliate may, therefore, have a financial incentive to recommend the Program over other programs or services.

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<sup>1</sup> Circular 1046 of December 12, 1991 issued by the Comisión para el Mercado Financiero (the Chilean securities market regulator or “**CMF**”) authorizes Chilean broker-dealers to perform advisory activities complementary of their brokerage activities in connection with foreign securities on behalf of their clients, subject to the Chilean broker dealer executing the related orders and that the issuers of the relevant securities are regulated by an agency of similar jurisdiction to the CMF.

## **ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

LV Advisory will generally require a US\$1 million minimum for opening an account in the Program. Clients will include Chilean and other Latin American (e.g., Peruvian, Colombian and Argentinean) high net worth individuals. U.S. Portfolio Managers may have different account minimums.

## **ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION**

- A. LV Advisory will select well-known and reputable U.S. registered investment advisers as U.S. Portfolio Managers. LV Advisory will monitor the performance attributable to each U.S. Portfolio Manager (against the relevant benchmark established by LV Advisory and its affiliates), and will also monitor whether a U.S. Portfolio Manager achieves each client's goals and provides acceptable service to its clients. If LV Advisory and its affiliates determine that a U.S. Portfolio Manager has not met these threshold requirements, then LV Advisory will recommend an alternative U.S. Portfolio Manager to the relevant client(s).
1. LV Advisory will calculate performance attributable to each U.S. Portfolio Manager by utilizing tools (such as Reuters and Bloomberg systems) provided by its affiliate, Larraín Vial Servicios Profesionales Ltda. ("**LV Servicios**"), a Chilean financial services group, to calculate the daily basis of each client's portfolio.
  2. LV Servicios will review performance information to determine and verify its accuracy (by comparing prices provided by the U.S. Portfolio Manager against publicly-available pricing information).
- B. LV Estrategia, a unit of the LV Broker-Dealer (an affiliate of LV Advisory), acts as a portfolio manager for LV Advisory's clients (in the context of evaluating recommendations provided by the U.S. Portfolio Manager(s)). LV Estrategia is not subject to the same selection and review as the U.S. Portfolio Manager(s). LV Advisory's clients will also be clients of the LV Broker-Dealer for the services provided by LV Broker-Dealer. No separate or additional fees will be charge to clients for those order-passing services

### Advisory Business

LV Advisory was formed in 2017 and is wholly owned by LV Servicios. LV Servicios is principally owned by Larraín Vial SpA, which is principally owned by Rentas ST Dos Limitada and Chacabuco S.A. Rentas ST Dos Limitada is principally owned by Leonidas Vial Echeverría.

LV Advisory offers the advisory services specified in Item 4 above.

LV Advisory does not tailor the types of its advisory services to the individual needs of clients (as the only services that LV Advisory offers are through the Program, as described in Item 4 above). Clients may impose restrictions on investing in certain securities or types of securities.

### Performance-Based Fees and Side-by-Side Management

LV Advisory does not anticipate charging its clients any performance-based fees.

## Methods of Analysis and Investment Strategies

LV Advisory and its affiliates advise clients on a variety of investments, including mutual funds and exchange traded funds, although the specific types of securities for which LV Advisory and its affiliates will provide advice will depend on the investment program of each U.S. Portfolio Manager and client needs. LV Estrategia generally recommends one of six different portfolios to clients, based on each client's investment needs and risk tolerance. Portfolios range from the most conservative (with investments in money market funds and fixed income instruments with short durations) to the most aggressive (with investments in mid-cap and small-cap stocks, emerging market stocks and high yield bonds). If the strategy recommended for a particular client could best be satisfied by a U.S. Portfolio Manager, then the particular client is referred to LV Advisory for participation in the Program.

LV Advisory and its affiliates intend to hold periodic meetings to review global asset allocation, fund picking, local fixed income and local equities. Their investment analysis follows three main steps: (1) review of econometric models; (2) analysis of economics/financial fundamentals; and (3) decision-making. Modifications to investment portfolios are initiated if portfolio reviews produce evidence of an undesirable tracking error (that is, the standard deviation of the difference between the annual returns of the portfolios and the relevant benchmark).

Investing in securities involves a risk of loss that clients should be prepared to bear. Frequent trading of securities can affect investment performance, particularly through increased brokerage and other transaction costs and expenses.

### Risk of Loss

*Equity Securities.* The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments. A client may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of issuers domiciled in developed or in emerging countries. A client may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities of smaller companies may involve more risk and their prices may be subject to more volatility. A client may also invest in distressed equity securities, which are generally considered to be riskier, more speculative and less liquid than other equity securities.

*Debt Securities.* Debt securities, including money market securities, have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security can fall when interest rates rise and can rise when interest rates fall. Securities with longer maturities and certain types of securities, such as mortgage securities and the securities of issuers in the financial services sector, can be more sensitive to interest rate changes, meaning the longer the maturity of a security, the greater the impact a change in interest rates could have on the security's price. Short-term and long-term interest rates do not necessarily move in the same amount or the same direction. Short-term securities tend to react to changes in short-term interest rates, and long-term securities tend to react to changes in long-term interest rates. Securities with floating interest rates can be less sensitive to interest rate changes, but may decline in value if their interest rates do not rise as much as interest rates in general. Securities whose payment at maturity is based on the movement of all or part of an index and inflation-protected debt securities may react differently from other types of debt securities.

*Small- and Mid-Capitalization Companies.* While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-

chip” companies. In addition, due to thin trading in some of those stocks, an investment in those stocks may be considered less liquid than an investment in many large capitalization stocks. When making large sales, a client may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Historically, the securities of smaller companies have been more volatile in price than those of larger capitalized, more established companies. The securities of such companies pose greater investment risks because such companies may have limited product lines, distribution channels and financial and managerial resources. Further, there is often less publicly available information concerning such companies than for larger, more established businesses. The equity securities of smaller companies are often traded over-the-counter or on regional exchanges and may not be traded in the volumes typical on a national securities exchange. Consequently, a client may be required to dispose of such securities over a longer (and potentially less favorable) period of time than is required to dispose of the securities of larger, more established companies.

*Hedging Transactions.* The U.S. Portfolio Manager may employ certain hedging techniques (including the purchase and sale of securities and other instruments), directed primarily toward general market risks. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the U.S. Portfolio Manager may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a client from achieving the intended hedge or expose the client to risk of loss. Hedging may be employed to limit certain market risks and credit risks.

*Short-Selling.* Short-selling allows a client to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss. In certain cases, extreme demand by other short sellers of a particular security to “cover” such security can drive up the price, resulting in further losses for a client.

*Derivative Instruments.* A client’s account may contain various derivative instruments, such as warrants, options and convertible securities. The use of derivative instruments involves a variety of material risks, reflecting the often extremely high degree of leverage embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. Many derivatives are valued on the basis of dealers’ pricing of these instruments.

However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative, should the client wish or be forced to sell such position, may be materially different. Such differences can result in an overstatement of the client’s account value, and may have a materially adverse effect on the client’s account in situations in which the client is required to sell derivative instruments in order to raise funds for margin purposes. The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical correlation patterns, resulting in unanticipated losses.

*Purchase and Sale of Options.* The purchase and sale of options involves certain risks aside from the normal risks associated with trading in common stocks. Options trading may itself be illiquid at times, irrespective of the condition of the market of the underlying instrument. Such restriction would make it difficult to offset option positions in order to realize gain thereon, limit losses or change positions in the market. In addition, to the extent that a client engages in naked options strategies involving short calls, it will be subject to the risks of unlimited price movements in these instruments.

A client may purchase or sell options, both covered and uncovered, on individual stocks, stock indices, currencies or currency indices. Risks in the use of options result from the possibility that changes in the underlying stock, currency or index may differ substantially from the changes anticipated when the positions were established. The “writer” of a call option which is uncovered (*i.e.*, the writer does not hold the underlying stock, currency or stock index) assumes the risk of an increase in the market price of the underlying stock, currency or index above the premium received and the exercise price of the option. Accordingly, a client may suffer unlimited losses should the price underlying an uncovered call option increase above the exercise price of the option.

*Index Contracts.* The U.S. Portfolio Manager may utilize various instruments to seek to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of investments. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated OTC contracts or other forms of derivative contracts (collectively, “**Index Contracts**”).

Index Contracts have risks associated with them, including, without limitation, possible default by the other party to the transaction, illiquidity and, to the extent the holder’s view of such Index Contract as to certain market movements is incorrect, the risk that the use of such Index Contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of Index Contracts and price movements in the portfolio position of the client’s account creates the possibility that losses in the value of that position may be greater than the gain on the hedging instrument (or that a gain in a position may be less than the loss on the hedging instrument). Additionally, futures and options markets may not be liquid in all circumstances and certain over-the-counter Index Contracts may have no markets. As a result, in certain markets, a client might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of Index Contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.

*Currency Risks.* Investments may be made and realized in various currencies (*e.g.*, the U.S. Dollar). Changes in rates of exchange may have an adverse effect on the value, price or income of a client’s investments. While the U.S. Portfolio Manager will use reasonable endeavors to hedge currency exposure, it is not expected to be possible to hedge such exposure completely.

*Currency Hedging Arrangements.* There can be no assurance that currency hedging arrangements, if any, entered into on behalf of a client’s account will be sufficient to address all currency risks. More particularly, the success of such hedging arrangements, if any, is subject to the ability of the U.S. Portfolio Manager to correctly hedge against movements in the direction of currency rates. Therefore, while a client may enter into such transactions to seek to reduce currency exchange rate risks, unanticipated changes in currency rates may result in a poorer overall performance for the client than if the client had not engaged in any such hedging transaction.

*Use of Leverage.* The U.S. Portfolio Manager’s investment program may include leveraging a client’s investments. While the use of borrowed funds can substantially improve the return on invested capital, their use may also increase the adverse impact to which the investment portfolio of the client may be subject. Money borrowed for leveraging will be subject to interest costs or other costs incurred in connection with



such borrowing, which may or may not be recovered by the return on the securities purchased with borrowed funds. Borrowing and the use of leverage create an opportunity for greater appreciation, but also entail a risk of greater loss, in the value of the client's assets.

*Risk of Counterparty Default.* The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. The U.S. Portfolio Manager will endeavor to monitor on an ongoing basis the creditworthiness of firms with which a client has entered into over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the client will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs, which could result in the net asset value of the investment being less than if the client had not entered into the transactions.

*Forward Commitments.* A client's account may hold contracts to purchase securities for a fixed price at a future date beyond customary settlement time. Forward commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date. This risk is in addition to the risk of decline in value of the client's other assets. A client may dispose of a commitment prior to a settlement date if the U.S. Portfolio Manager recommends that it would be appropriate to do so (in which case the client may realize short-term profits or losses upon the sale of such forward commitments).

*Forward Foreign Currency Exchange Contracts.* The U.S. Portfolio Manager may recommend the purchase or sale of forward foreign currency exchange contracts as part of a client's investment program. Unanticipated changes in currency prices may result in poorer overall performance for the client than if it had not entered into such contracts.

*Preferred Stock.* Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer's common stock, but it ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

*Convertible Securities.* A client may invest in preferred stock that can be converted into a different security—typically shares of the company's common stock (convertible securities). In a conventional convertible security financing, the conversion formula is generally fixed—meaning that the convertible security converts into common stock based on a fixed price. The convertible security financing arrangements might also include caps or other provisions to limit dilution (the reduction in earnings per share and proportional ownership that occurs when, for example, holders of convertible securities convert those securities into common stock). By contrast, in less conventional convertible security financings, the conversion ratio may be based on fluctuating market prices to determine the number of shares of common stock to be issued on conversion. A market price based conversion formula protects the holders of the convertibles against price declines, while subjecting both the company and the holders of its common stock to certain risks.

*Illiquid and Restricted Securities.* Illiquid and restricted securities are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile, and a client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at prices that are lower than similar securities that are not subject to restrictions on resale.

*Risks of U.S. Government Agency Obligations.* Government agency obligations have different levels of credit support, and therefore, different degrees of credit risk. Securities issued by agencies and instrumentalities of the U.S. government that are supported by the full faith and credit of the United States, such as the Federal Housing Administration and Ginnie Mae, may present little credit risk. Other securities issued by agencies and instrumentalities sponsored by the U.S. government that are supported only by the issuer's right to borrow from the Treasury Department, subject to certain limitations, such as securities issued by Federal Home Loan Banks, and securities issued by agencies and instrumentalities sponsored by the U.S. government that are supported only by the credit of the issuing agencies, such as Freddie Mac and Fannie Mae, are generally subject to a greater degree of credit risk.

*Non-U.S. Investments.* Client portfolios may include non-U.S. or domestic securities denominated in various currencies and traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, U.S. and non-U.S. withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less information available publicly about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these non-U.S. markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the United States.

Additional costs could be incurred in connection with international investment activities. Foreign brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when investments are shifted from one country to another. Increased custodial costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

*Special Risks of Emerging and Developing Markets.* Securities in emerging and developing market countries may offer special investment opportunities, but investments in these countries present risks not found in more mature markets. In addition to the risk factors discussed in "Non-U.S. Investments", emerging markets may have less developed trading markets and exchanges. Emerging countries may have less developed legal and accounting systems, and investments may be subject to greater risks of government restrictions on withdrawing the sales proceeds of securities from the country. Economies of developing countries may be overly dependent on relatively few industries that may be highly vulnerable to local and global changes. Governments in developing markets may be less stable and present greater risks of nationalization or restrictions on foreign ownership of stocks of local companies.

*Market Dislocation.* Economic recessions or downturns could impair a client's investments and harm investment performance. The decline in the broader credit markets related to the sub-prime mortgage dislocation has caused the global financial markets to become more volatile. Continuing instability in the United States, European and other credit markets has made it more difficult for borrowers to obtain financing or refinancing on attractive terms or at all. In particular, because of the conditions in the credit markets, borrowers may be subject to increased interest expenses for borrowed money and tightening underwriting standards. There is also a risk that a general lack of liquidity or other adverse events in the credit markets

may adversely affect the ability of companies to finance capital improvements, refinance completed projects or pay debts or other obligations as they become due. These events have materially harmed and could in the future materially harm the operating results of many companies, ultimately resulting in decreases to the value of the client's assets.

*Highly Volatile Markets.* The prices of certain assets, including futures and options prices, may be highly volatile. Price movements of forward contracts, futures contracts and other assets may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A client may also be subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

*Speculative Purchases of Securities.* The U.S. Portfolio Manager may recommend certain speculative purchases of securities. Such purchases may include securities that the U.S. Portfolio Manager believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurance that securities that the U.S. Portfolio Manager believes to be undervalued are in fact undervalued, nor can there be any assurances that undervalued securities will increase in value.

If a client purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the client may sell the securities at a substantial loss. Further, when securities are purchased in anticipation of an acquisition attempt or reorganization, a substantial period of time may elapse between the client's purchase of the securities and the acquisition attempt or reorganization.

#### Voting Client Securities

LV Advisory does not accept authority to vote client securities.

### **ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIOMANAGERS**

A client's questionnaire and a copy of the client's advisory agreement will be provided to the U.S. Portfolio Manager(s) that will manage or provide services to the client's account. If a client communicates any change in financial circumstances that would affect the management of the account, that information will be provided by that client to the LV Advisory (and LV Advisory will communicate that information to the relevant U.S. Portfolio Manager(s)).

The U.S. Portfolio Manager(s) and LV Advisory (and its affiliates) will also communicate regarding the U.S. Advice (and any order to be placed in connection with the same), as described further in Item 4 above.

### **ITEM 8 CLIENT CONTACT WITH PORTFOLIOMANAGERS**

Clients may contact their adviser(s) at any time.

## ITEM 9 ADDITIONAL INFORMATION

### Disciplinary Information

In 2012, the CMF initiated an investigation for alleged violations of Chilean Law No. 18,046 (Chilean Corporations Act) and Law No. 18,045 (“**Chilean Securities Market Act**”) that resulted in charges presented on September 2013 against Mr. Julio Ponce, controlling shareholder of Sociedad Química y Minera de Chile S.A. (“**SQM**”) and three other individuals (the “**CMF Investigation**”). The charges related to securities transactions of three publicly traded Chilean companies: Norte Grande S.A., Oro Blanco S.A. and Pampa Calichera S.A. (commonly referred to as “**Waterfall Companies**”). The Waterfall Companies are all holding companies and controlling entities of the operating company SQM, and the allegations included fraudulent trading, fictitious transactions, price manipulation and the “performance of acts against the interest of the companies.” The prosecutorial theory of the CMF was that Mr. Ponce and the individuals designed and implemented, between 2008 and 2011, a scheme to defraud minority shareholders of SQM and the Waterfall Companies which consisted of selling blocks of stocks of the Waterfall Companies to related parties at prices considered by the CMF as below market and then inducing the Waterfall Companies to repurchase such shares at prices considered above market.

On September 2, 2014, the CMF imposed a fine of USD\$8 million on the LV Broker-Dealer (the “**CMF’s Fine**”) for executing the allegedly impermissible trades. Mr. Manuel Bulnes and Mr. Felipe Errázuriz, at the time (and Mr. Errázuriz, currently) executives of the LV Broker-Dealer, were also personally fined USD\$8 million and USD\$4 million, respectively. The total amount of the fines imposed by the CMF was USD\$164 million.

As permitted under Chilean law, the LV Broker-Dealer appealed the CMF Fine in the Chilean courts and on December 2, 2015, the 29th Civil Court of Santiago issued a ruling overturning the CMF Fine in all respects as to the LV Broker-Dealer. The Court’s ruling dismissed the alleged infraction of both sections of article 53 of the Securities Market Law, article 64 of the Chilean Electronic Stock Exchange’s Operational Regulations, and article 66 of the Santiago Stock Exchange’s Regulation.

Furthermore, the court considered that the transactions performed by the LV Broker-Dealer that were subject of the CMF Investigation could not be qualified as a deceitful or fraudulent act, practice, mechanism or artifice. Additionally, the court found that the price of transactions was undoubtedly within market price range. Regarding the LV Broker-Dealer, the Court’s ruling further specified that it acted as a representative of the involved individuals and as such its actions were limited to the instructions received by its client, and not imputable with the intentions or wrong investment decisions that might have occurred. Finally, the court concluded that the charges pressed by the CMF against the LV Broker-Dealer were time – barred as the relevant statute of limitations had lapsed. The Court’s ruling is currently under review by the Santiago Court of Appeals and thereafter, potentially subject to review by the Chilean Supreme Court.

Mr. Manuel Bulnes and Mr. Felipe Errázuriz also appealed the CMF Fine in the Chilean courts and on August 22, 2018, the 23th Civil Court of Santiago issued a ruling overturning the CMF Fine in all respects as to Mr. Bulnes and Mr. Errázuriz. The Court’s ruling is currently under review by the Santiago Court of Appeals and thereafter, potentially subject to review by the Chilean Supreme Court.

### Other Financial Industry and Affiliations

LarraínVial Securities US LLC (“**LV US Securities**”) is a related person of LV Advisory and is an SEC-registered broker-dealer. LV US Securities does not conduct business with LV Advisory or its clients because LV US Securities does not service the types of clients (*i.e.*, individuals) that LV Advisory services. LV Advisory and LV US Securities are related only by their both being members of the LV Group.

LarraínVial SpA is the LV Group's parent company. This company is the owner and/or controller of the entities within the LV Group, which include, among others: the LV Broker- Dealer and LarraínVial Asset Management Administradora General de Fondos S.A., Chilean companies regulated by the Chilean Superintendency of Securities and Insurance; Larraín Vial Sociedad Agente de Bolsa S.A. and Larraín Vial S.A. Sociedad Administradora de Fondos de Inversión, Peruvian companies regulated by the Superintendency of Securities of that country; and Larraín Vial Colombia S.A. Comisionista de Bolsa, Colombian company regulated by the Colombian Financial Superintendency (the "**LV Affiliates**"). Other than common ownership, except for the LV Broker-Dealer (as further described in Item 4), the LV Affiliates do not regularly conduct business with LV Advisory or its clients. It is anticipated, however, that LV Affiliates may from time to time refer clients to LV Advisory (as set forth in Item 4).

#### Code of Ethics, Participation or Interest in Client Transaction and Personal Trading

LarraínVial's corporate governance is based on the following pillars:

- Chilean regulations and local regulation of the countries in which the entity operates;
- the statutes of the parent company and group companies;
- the highest international standards in terms of transparency, control and risk management; and
- the operational, independence and enforceability needs in the management of the group's various businesses.

The LV Advisory Code of Ethics provides a standard of conduct for, among other things, the personal trading of LV Advisory employees. Under the Code of Ethics, certain LV Advisory personnel must provide LV Advisory with initial and annual holdings reports (excluding accounts holding certain securities or discretionary accounts) and quarterly transactions reports. LV personnel are also prohibited from executing transactions in issuers included on LV Advisory's Restricted List, and must obtain pre-approval from LV Advisory's Chief Compliance Officer prior to investing in any private placement or participating in any initial public offering. LV Advisory will review violations of its Code of Ethics to determine appropriate internal sanctions. Clients and prospective clients may obtain a complete copy of LV Advisory's Code of Ethics free of charge by submitting a written request to LV Advisory's Chief Compliance Officer at 2939 San Sebastian, 6<sup>th</sup> Floor, Las Condes, Santiago, Chile.

LV Advisory, its affiliates and their personnel may have multiple advisory, transactional, financial and other interests in securities, instruments, companies or investment vehicles that may be purchased or sold for LV Advisory clients. LV Advisory has established a variety of procedures and disclosures designed to address conflicts of interest arising between its clients on the one hand and LV Advisory's business on the other.

#### Account Review

The LV Broker-Dealer will supply to clients an account statement on a monthly basis (which will include, among other things, transactions and holdings for the applicable period). It is anticipated that the U.S. Portfolio Manager(s) will also provide account statements to clients. As described in Item 6 above, LV Advisory will calculate performance attributable to each U.S. Portfolio Manager by utilizing tools to calculate the daily basis of each client's portfolio. Also, LV Servicios will review performance information to determine and verify its accuracy (by comparing prices provided by the U.S. Portfolio Manager against publicly-available pricing information).

#### Client Referrals and Other Compensation

LV Advisory does not receive from, or compensate, any person as described in the instructions for Item 14 of the Form ADV Part 2A.

#### Financial Information

Form ADV Part 2 requires investment advisers to disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients. At this time, LV Advisory has no such information to report.