

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

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All-In Fee

12/31/2018

This wrap fee program brochure provides information about the qualifications and business practices of Itau International Securities Inc. If you have any questions about the contents of this brochure, please contact us at 305-416-7813 or Sara.Gaitan@itau.us. 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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Itau International Securities Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 144769.

Item 2 Material Changes

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

By December 31, 2018, the individuals and/or intermediate subsidiaries that indirectly own 25% or more of IIS changed from:

- Itaú USA Europa – Investimentos, SGPS, LDA.
- ITB Holding Brasil Participacoes LTDA.
- Itaú Unibanco Holding S.A.
- Itaú Unibanco S.A.

To:

- Itaúsa Europa – Investimentos, SGPS, Unipessoal Lda.
- Itaú International Holding Limited
- ITB Holding Brasil Participações Ltda.
- Itaú Unibanco S.A.
- Itaú Unibanco Holding S.A.

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Item 4 Services Fees and Compensation

SERVICES

Itau International Securities Inc. is an SEC-registered investment adviser with our principal place of business located in Miami, Florida. Itau International Securities Inc. (hereinafter “IIS” or “firm” or “we”) began conducting business in 2018.

We sponsor the **All-In Fee** program, a wrap fee program. (A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which includes portfolio management, custody, clearing, transaction execution and account reporting.)

This Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the All-In Fee program (“Program”). For a complete description of the other services and fees offered by our firm, clients should refer to our Form ADV Part 2A: Firm Brochure. You may obtain a copy of our Firm Brochure by contacting Sara Gaitan at (305) 416-7813 or email Sara.Gaitan@itau.us.

ALL-IN FEE

Clients are provided with non-discretionary portfolio management services using model asset allocation portfolios. Non-discretionary management means we require the Client's prior written or oral approval before directing the investment and reinvestment of the assets in a Client's account in securities and cash or cash equivalents.

Each model portfolio is designed to meet a particular investment goal (i.e., Income, Long-Term Growth, Short-Term Growth) and maximize return for each client profile. Portfolios incorporate strategic asset allocation with an overlay of tactical recommendations and investment vehicles selected for each asset class.

Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities, including ETFs
- Equities and Fixed Income
- Foreign issuers
- Certificates of deposit and Structured Notes
- Mutual funds; Fund of Mutual Funds
- Interests in partnerships investing in real estate
- Interests in partnership investing in emerging markets
- Hedge funds; Fund of Hedge Funds

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- Send quarterly written reminders to each client requesting any updated information regarding changes in the client's financial situation and investment objectives;
- At least annually, contact each client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- Be reasonably available to consult with the client; and
- Maintain client suitability information in each client's file.

Each client participating in the Program enters into an agreement with Pershing, LLC, the clearing and custodial firm selected by IIS. IIS has an agreement with Pershing that sets forth the services that IIS will provide the client and the fee the client will pay. Pershing provides execution, custody and administrative services to IIS.

Fees

Our annual advisory fees are based upon a percentage of assets under management according to the fee schedule below:

AUM	% Over Qualified Investments
1-5MM	0.85% (Minimum)
5-10MM	0.70% (Minimum)
10-25MM	.50% (Minimum)
25MM+	.40% (Minimum)

Our advisory fees are billed monthly, in arrears, at the end of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous billing period. Fees will be debited from the account in accordance with the client authorization in the Investment Advisory Agreement.

A minimum of \$1 million of assets under management is required for this service. This account size may be negotiable under certain circumstances. We may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although we have established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future

additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

What services are covered by the advisory fees? The advisory fees pay for our firm's advisory services to clients under the All-In Fee program, administrative expenses of the All-In Fee program, custody charges for clients' assets custodied at Pershing and brokerage services for accounts to the extent trades are conducted through Pershing.

What services are not covered by the advisory fees? The advisory fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than Pershing and custody charges if client assets are custodied anywhere other than Pershing. The advisory fees do not include expenses of mutual funds and electronically traded funds such as fund management fees charged to each fund's investors, mark-ups, mark-downs, or spreads paid to market makers, and/or odd-lot differential fees.

Other Fees and Expenses. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

Additional Information about Advisory Fees. Under the All-In Fee program, the participant receives non-discretionary investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Advisory Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Advisory Fee may be higher or lower than that charged by other sponsors of comparable programs.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled for any reason upon receipt of written notice, and the account will terminate at month end of the month the cancellation request is received from the client.

Notwithstanding the above, the client has the right to terminate the agreement without penalty within five (5) business days after signing the agreement and a full refund will be provided.

Mutual Fund Fees: All fees paid to IIS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client could pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Exchange-Traded Funds: Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in

response to market supply and demand. Accordingly, ETF shares could trade at a price which differs from NAV per share of the ETF.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to IIS's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements can differ among clients.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

COMPENSATION

It is IIS's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

Item 5 Account Requirements and Types of Clients

MINIMUM ACCOUNT REQUIREMENTS

Participation in the All-In Fee program is subject to certain minimum account requirements including a minimum \$1 million initial account size. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through Pershing. Pershing is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. IIS has negotiated an arrangement with Pershing to provide custodial and brokerage services as part of our All-In Fee program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than Pershing. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

TYPES OF CLIENTS

IIS provides advisory services in the All-In Fee program, where appropriate, to:

- High net worth individuals

Item 6 Portfolio Manager Selection and Evaluation

As previously disclosed, all participating clients' assets are managed on a non-discretionary basis by advisory personnel of IIS. These individuals must possess, minimally, a college degree and/or appropriate business experience and all required licenses. Please refer to Item 4 for detailed disclosures regarding the portfolio management services we provide to clients.

PERFORMANCE-BASED FEES

Under the All-In Fee program, we do not charge performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the client's assets).

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.
A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

Investment strategies involving short sales, margin transactions or option writing undergo an additional approval process for suitability.

Hedge Fund or Offshore Mutual Fund Interests. An investment in hedge fund or offshore mutual fund securities carries with it many risks, in addition to those set out above concerning hedge fund and offshore mutual fund strategies. Key risk areas include:

- *People.* Hedge fund managers tend to rely more on the expertise of particular individuals within the manager than certain other investment firms. Offshore mutual funds may also rely on the expertise of particular individuals. For these reasons, an

event that affects a key person, or the departure of a key person, can have a significant effect on the performance of the hedge fund or offshore mutual fund. Such an event or departure can also cause a strong reaction by fund investors, who may seek an exit from the fund or other extraordinary action that could have an adverse effect on any of the Firm's clients that continue to hold an interest in such a fund.

- *Processes.* A fund manager's processes may be less rigorous or subject to fewer checks and balances within the organization than certain other asset managers. The Firm's clients could be adversely affected by a fund manager that does not consistently act in a manner expected by the Firm.
- *Valuation Control.* Valuation is often difficult to determine in a precise and objective manner.

Fund managers receive compensation based on the valuation of fund assets, and have a significant conflict of interest with respect to such valuation. While many fund portfolios receive independent valuations, not all do. In any event, a fund's valuation agent generally relies on at least some information provided by the fund manager. Further, the Firm is not able to independently verify managers' valuations. Although the Firm seeks to assure that fund managers prepare valuations appropriately, and although audit or review of fund financial statements can provide assurance beyond the Firm's own diligence, no assurance can be provided that proper valuations will at all times be determined by all fund managers in which the Firm's clients invest.

- *Technology Infrastructure.* Although this is an area covered by the Firm's diligence, the technology of fund managers varies greatly, and the Firm's clients are subject to risk of loss should problems with the manager's technology resources arise.
- *Compliance.* Although part of the Firm's diligence, the implementation of a compliance program can require constant attention, and issues concerning compliance by a hedge fund manager with regulations, investment restrictions or other important matters may from time to time arise. Such occurrences may have an adverse effect on the manager's ability to focus appropriately on its investment program, and under certain circumstances compliance lapses could have direct adverse effects on values of the portfolios of the Firm's clients.
- *Service providers and counterparties.* The Firm's clients are subject not only to risks involving a fund manager, but also the fund's service providers. Although part of the Firm's diligence with respect to hedge fund investments, no assurance can be provided that the actions of such other service providers will not result in losses to the Firm's clients. Funds also may have important relationships with counterparties, such as lenders, borrowers (including issuers of notes or other debt), and derivatives counterparties. Should such counterparty fail to meet its obligations to a fund, the Firm's clients would generally indirectly suffer any losses incurred by the fund, and contractual and other legal remedies may be limited or inadequate.

Hedge fund interests are generally illiquid and permit redemptions only infrequently. Investors in hedge funds often have no or limited voting rights. Such investors may be subject to significant levels of fees and expenses. Other investors may be party to side letters with a hedge fund

manager that provides the investor favorable rights or terms as compared with those of a Firm client, including with respect to fees, liquidity or transparency of information.

A hedge fund or offshore mutual fund manager may use speculative investment techniques and may employ substantial leverage (including borrowing for investment purposes) that can magnify gains, losses and volatility. The Firm expects to have no ability to direct or influence the manager of an underlying fund. A hedge fund investment may provide for indemnification to the hedge fund manager that could result in an investor's return of redemption proceeds or distributions under certain circumstances.

A hedge fund could, from time to time, provide for in-kind redemptions, whereby a redeeming fund investor could receive portfolio securities rather than cash. Investors may not be prepared to accept such securities and may incur costs and delays in handling or disposing of such securities. The performance of the Firm's fund of funds strategies depends primarily on the underlying hedge fund or offshore mutual fund managers. No assurance can be given that any hedge funds or offshore mutual funds will successfully implement their investment strategies or achieve their investment objective.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data could be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risk of Loss. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm can provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 7 Client Information Provided to Portfolio Managers

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. We will promptly communicate any reported changes to the client's account representative.

Itau International Securities Inc.'s investment adviser representative will directly contact each client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's account representative, who is responsible for implementing appropriate adjustments to the client's portfolio.

Item 8 Client Contact With Portfolio Managers

The client's account representative is available to discuss the management and performance of the client's account and changes in the client's situation which can have an impact on the management of the client's account.

Item 9 Additional Information

Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

In addition to IIS being a registered investment adviser, our firm is a registered broker-dealer with the SEC and a member of FINRA. Our firm is part of the Itau Unibanco conglomerate, a large financial services conglomerate headquartered in Brazil that has numerous affiliates engaged in financial services activities. A list of the financial industry affiliates we have business arrangements with is disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure. Our firm also has certain U.S. and non-U.S. affiliated investment advisory or other financial entities that have no interaction or arrangements with our firm.

We can purchase certificates of deposit, structured notes or other monetary instruments issued or distributed by Itau Unibanco S.A. or its affiliates for its clients and execute such orders in our capacity as a broker-dealer. Such purchases are transacted at an arm's-length basis.

Certain personnel of IIS are separately licensed as registered representatives of IIS, the same entity as our registered investment adviser that is also a registered broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

Clients should be aware that the receipt of additional compensation by IIS and its management persons or employees creates a conflict of interest that could impair the objectivity of our firm and these individuals when making advisory recommendations. IIS endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we can ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor any outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

As previously disclosed, clients are required to direct us to custody their assets with and to place trades through Pershing as a condition for participation in the All-In Fee program. Pershing is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. Our firm has evaluated Pershing and believes that it will provide our clients with a blend of execution services, commission costs, and professionalism that will assist us in meeting our fiduciary obligations to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by IIS on a trade-by-trade basis, and best execution may not necessarily be achieved. In addition, as noted above in Item 4, transactions in the client's account are effected "net" (i.e., without separate commission charge to the client) and a portion of the wrap fee is generally considered as being in lieu of commissions. Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics prohibits any

acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information cannot be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Sara.Gaitan@itau.us, or by calling us at 305-416-7813.

Our firm and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

Recommendations of Securities to Clients

Our firm may encounter conflicts of interest in connection with client transactions. For example, we can advise a client to invest in a fund in which our firm or an affiliate of our firm serves as sponsor or distributor; or which our firm or an affiliate of our firm advises; or which an affiliate of our firm has a material financial interest. In such case, as our firm or its affiliate would receive fees and could receive other benefits from that investment, our firm has an incentive to place clients in such investments. Where a conflict of interest is expected to arise, senior personnel will typically be consulted, and our firm will review such transactions over time and consider additional improvements to policies or procedures. Additionally, our firm has implemented the Code of Ethics as described above and other trade allocation procedures to ensure that all clients are treated fairly.

Personal Trading

In addition, access persons of our firm are required to report all personal securities transactions conducted in our affiliated mutual fund(s).

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our 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.

Our firm and/or individuals associated with our firm can buy or sell for their personal accounts securities identical to or different from those recommended to our clients.

It is the expressed policy of our firm that no person employed by us can purchase or sell any security that is being purchased or sold for a client's advisory account prior to the transaction being implemented for a client's advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of client advisory accounts.

As disclosed above under *Other Financial Industry Activities and Affiliations*, related persons of our firm are separately registered as securities representatives under our firm's broker-dealer registration. Please refer to this section for a detailed explanation of these relationships and important conflict of interest disclosures.

Review of Accounts

Reviews: While the underlying securities within client accounts are continually monitored, these accounts are reviewed at least monthly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More-frequent reviews can be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by our Risk Management Division and Investment Adviser Representatives taking direction from asset allocation recommendations made by IIS's Global Investment Strategy Committee.

Reports: Clients will receive monthly statements and confirmations of transactions and monthly reports summarizing account performance, balances and holdings from Pershing. IIS does not provide any reports in addition to these reports.

Client Referrals and Other Compensation

It is IIS's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is IIS's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

IIS has not been the subject of a bankruptcy petition at any time during the past ten years.