

## Form ADV, Part 2A

### SIVIA CAPITAL PARTNERS, LLC

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This Form ADV, Part 2A, ("Brochure"), provides information about the qualifications and business practices of Sivia Capital Partners, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 231-7490. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Sivia Capital Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Sivia Capital Partners, LLC is registered with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Sivia Capital Partners, LLC  
Form ADV Part 2A Brochure  
April 26, 2019

**Item 2 – Material Changes**

There are no material changes since our last brochure dated March 31, 2019.

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#### **Item 4 – Advisory Business**

Sivia Capital Partners, LLC (“Registrant”) was established in 2014 and is currently owned and operated by Ben Mahdavi, Managing Member and Corey Saft, CCO. As of December 31, 2018 Registrant’s discretionary assets under management were approximately \$133 million.

Registrant provides investment advice and management to individually managed accounts that is tailored to the needs of individual clients, on a discretionary basis. Registrant has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. Clients may impose restrictions on their investments upon request. These restrictions may include prohibitions or limits on individual securities, security types, asset classes, allocation, liquidity, credit quality and income. Registrant will also provide financial planning services to advisory clients.

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

Fees are negotiable and may vary, but generally will be based on an annual percentage rate of one to two percent (1-2%) of assets under management. Fees are payable quarterly at the beginning of each calendar quarter based on the market value of the assets under management at the close of the prior quarter. Fees on additions or withdrawals are pro-rated. A client may terminate an investment advisory agreement on five (5) business days advance written notice. On termination, clients may receive a refund of advisory fees on a pro-rated basis. Fees are generally deducted from client accounts.

Registrant believes that its fees are competitive with fees charged by other investment advisers for comparable services, but comparable services may be available from other sources for lower fees than those charged by Registrant. Registrant’s fees for investment advisory services are separate and distinct from fees charged by Registrant’s affiliated investment advisers or limited partnerships.

Registrant’s fees for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds (“ETFs”) to shareholders. Clients invested in mutual funds or ETFs will pay advisory fees to Registrant and will pay additional advisory, brokerage, custodial and administrative fees as a shareholder of the applicable mutual fund or ETF. These mutual fund or ETF fees and expenses are described in each fund’s prospectus. Registrant’s fees are also separate and distinct from custodial, accounting, legal and other fees incurred by clients. Registrant may also recommend investments in an affiliated pooled investment vehicle for clients that meet specific income requirements, in which case clients may pay a performance-based fee if they meet the qualifications of a qualified client.

Mr. Mahdavi and Mr. Saft are both principals and officers of Registrant and are also registered representatives of S.F. Sentry Securities, Inc., an unaffiliated registered broker-dealer. Registrant directs most of its advisory clients’ brokerage commissions to S.F. Sentry Securities, Inc. Mr. Mahdavi and Mr. Saft may receive a portion of brokerage commissions paid in

connection with those transactions. These brokerage fees paid by advisory clients are in addition to Registrant's advisory fees.

This arrangement creates a conflict of interest in that Registrant, Mr. Mahdavi and Mr. Saft may have an incentive to direct more client transactions to S.F. Sentry Securities, Inc. than Registrant might otherwise direct. S.F. Sentry Securities, Inc. has indicated to Registrant that the brokerage fees paid by Registrant's clients will not exceed the fees paid by similar clients of S.F. Sentry Securities, Inc. In all cases in which transactions are directed to S.F. Sentry Securities, Inc., or to any other broker, Registrant will determine in good faith that the commissions charged in connection with those transactions are reasonable in relation to the value of the brokerage, research and other services provided by that broker, viewed in terms of either the specific transaction or Registrant's overall responsibilities to the portfolios over which Registrant exercises investment authority. Registrant will regularly review the commission rates paid by its advisory clients to determine that they are competitive with commissions paid by clients of investment advisors that provide services similar to Registrant's. Nevertheless, Registrant's clients may be able to obtain more favorable brokerage commission rates elsewhere particularly when one considers the advisory fees being paid to Registrant. If a client so desires to use another unaffiliated brokerage firm, the client may notify Registrant in writing. Clients who use a broker they have selected may pay higher or lower commissions than those charged by S.F. Sentry Securities, Inc. See Item 12 regarding brokerage practices.

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

Registrant does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Registrant's clients include individuals, high net worth individuals, and trusts. Registrant generally requires a minimum investment of \$250,000, although Registrant may accept a lesser amount in its discretion.

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

Registrant provides its clients with individualized investment advice tailored to the investment objectives and financial situation of each client. Registrant's methods of analysis include fundamental analysis, charting, and technical analysis. Registrant offers advice on the following types of securities: (1) equities (exchange-listed, over-the-counter, and foreign issues); (2) warrants; (3) corporate debt securities; (4) municipal securities; (5) United States government securities and Certificates of Deposit; and (6) ETFs and mutual funds. These investments bear the risk of loss at any time due to unforeseen market, economic, interest rate, liquidity or other risks.

When appropriate to the needs of the client, Registrant may recommend the use of trading (securities sold within 30 days), margin transactions, short sales, and/or option writing as investment strategies. Because these investment strategies may involve increased risk of loss, they are only recommended when consistent with the client's stated tolerance for risk.

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

Risks specific to the types of securities and trading offered to clients are as follows. However, please be aware that this list does not include all possible risks of investing:

*Asset allocation risk*

The allocations to the various asset classes and market sectors could cause the account to underperform other strategies with a similar investment objective.

*Risks of Stock Investing*

Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which a fund invests may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

*Risks of Bond Investing*

Bonds have two main sources of risk: interest rate risk and credit risk. *Interest rate risk* is the risk that a rise in interest rates will cause the price of a debt security held by the fund to fall. Securities with longer maturities typically suffer greater declines than those with shorter maturities. Mortgage-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments, and rising rates can lead to decreased prepayments and greater volatility. *Credit risk* is the risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing income distributions and market values. This risk is increased when a security is downgraded or the perceived creditworthiness of the issuer deteriorates.

*Foreign Investing Risk*

This is the risk that the account's investments in foreign securities may be adversely affected by political and economic conditions overseas, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

*Investment Style Risk*

Different investment styles tend to shift in and out of favor. Accordingly, Registrant's emphasis on underlying growth in revenues as the ultimate support of investment in company stocks and bonds, and equally in government and municipal bonds narrows the breadth of its participation in the markets as a whole and may result in client portfolios underperforming for a period. Further, the Registrant's preference for high quality as defined by characteristics of an issuer's market liquidity, financial strength, and consistency of positive returns narrows returns on one hand, while exposing holders to the risk of abrupt adverse changes as discontinuities impact existing trends on the other.

### *Performance / Expectation Risk*

Clients may come to expect performance similar to that which they have experienced directly with Registrant in the. The securities markets are open, interactive systems in which change is the only constant variable – a variable denominated by risk that expands exponentially through time, while investment expenses are the only certain experience. There can be no assurance that the past or projections part of an account will provide a useful understanding of prospective results.

### *Risk of Mismatch between Risk and Return and Variances Among Client Experiences*

Securities investment returns and risks are known only in retrospect. There can be no assurance that the level of risk which a client expects to experience will be consistent with that which in fact occurs. Similarly, there is no necessity of a tidy trade-off between risk and return. Experience suggests the relationship may be asymmetric such that there is no assurance that increasing risks will result in proportionate possible increases in returns. Thus, while the general application of risk controls need not necessarily reduce returns, it is also possible that it may. Of equal impact, clients may not necessarily understand the process of estimating their ability to bear and respond to risk experiences and may advise their portfolio manager of their changing capabilities at a time when the prospective experience will be completely discontinuous and the reaction to past experience sub-optimize management going forward.

Further, the law of large numbers where normal distribution of returns and risks is assumed may not apply in all circumstances, or more specifically, to the circumstances of a specific client's experience. Exceptions can and do occur and given that clients have separate portfolios and are not all managed identically, not all client experiences will be the same. Purchases and sales may occur in different client portfolios at different times as a result of different portfolio cash flows which lead to different holdings due to the changes in attractiveness of specific issues through time. In addition, change to holdings of specific issues may occur according to a set of conditions that one portfolio may meet and another not.

### *Data Risk*

The risk that the data and information used by the Registrant is erroneous or incomplete. The Registrant manages this risk by collecting data only from reputable, proven vendors and by reviewing the data on a periodic basis for reasonableness and unusual outliers.

### *Model Risk*

The risk that the Registrant's proprietary, analytically disciplined, and quantitative methods provide inaccurate forecasts of stock or industry sector attractiveness. The Registrant addresses this risk through careful ongoing research and by diversifying across a number of different models.

### *Portfolio Construction Risk*

The risk that the portfolios constructed by the Registrant contain unintended exposures or persistent biases. The Registrant manages this risk by regularly examining its sources of return to detect the sources of any particularly large gains or losses as well as any persistent biases in exposures.

#### *Trading / Execution Risk*

The risk that the Registrant is not able to rebalance its portfolios on a timely basis. Trading/execution risk is largely mitigated through the generally ample liquidity of U.S. large cap stocks. For transactions in securities that may represent a potentially material share of a security's volume, the Registrant will spread out trading in those securities to minimize the negative impact on the security's price at the time of execution.

#### *Systems Risk*

The risk that the Registrant's investment infrastructure (software, hardware, databases, and communications links) is damaged or inaccessible for a protracted period. The Registrant mitigates this risk by having redundant hardware, off-site electronic backup of all data and key software, and an investment process that only requires monthly rebalancing.

#### *Special Risks of Cyber Attacks*

As with any entity that conducts business through electronic means in the modern marketplace, the Registrant, and its service providers, may be susceptible to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information, unauthorized access to relevant systems, compromises to networks or devices that the Registrant and its service providers use to service its operations, operational disruption or failures in the physical infrastructure or operating systems that support the Registrant and its service providers, or various other forms of cybersecurity breaches. Cyberattacks affecting the Registrant or any other of its intermediaries or service providers may adversely impact the Registrant's clients and shareholders, potentially resulting in, among other things, financial losses or the inability to transact business.

For instance, cyberattacks may impact the release of private shareholder information or confidential business information, impede trading, subject the Registrant to regulatory fines or financial losses and/or cause reputational damage. The Registrant may also incur additional costs for cybersecurity risk management purposes designed to mitigate or prevent the risk of cyberattacks. Such costs may be ongoing because threats of cyberattacks are constantly evolving as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cybersecurity risks are also present for issuers of securities in which the Registrant may invest, which could result in material, adverse consequences for such issuers and may cause the investments in such companies to lose value. There can be no assurance that the Registrant, its service providers, or the issuers of the securities in which the



Registrant invests will not suffer losses relating to cyberattacks or other information security breaches in the future.

### *Third-Party Investment Managers*

The Registrant does not control the investment decisions of third-party investment managers in a client's broader portfolio. Investing in multiple investment products could cause a client to hold opposite positions in an investment. This could decrease or eliminate the possibility of positive returns from such investment.

### *Illiquidity of Investments*

The risk that investments will be long-term in nature and may require years before they are suitable for sale. Realization of value from such investments may be difficult in the short term or may have to be made at a substantial discount compared to other freely tradable investments. Portfolios may be limited in their ability to liquidate or redeem investments to meet redemption requests or to pay expenses or fees. Illiquid securities involve the risk that the Registrant will not be able to sell the investment in a timely way or at a fair price. Strategies may invest in illiquid securities, including, but not limited to certain Rule 144A securities or other private placements. These securities may lack liquidity or a readily assessable market value. Strategies may also hold securities that become illiquid after purchase due to market or other conditions. Investments in illiquid securities may restrict a strategy's ability to dispose of investments in a timely fashion and for a fair price and may impede the Registrant's ability to take advantage of market opportunities.

## **Item 9 – Disciplinary Information**

Registrant does not believe there has been any legal or disciplinary event that is material to an evaluation of the Registrant's integrity or ability to meet contractual commitments to clients. There are no disciplinary actions to report.

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

### **A. Affiliated Investment Limited Partnerships**

Mr. Mahdavi is the owner of an investment advisor that manages a pooled investment vehicle. Clients may be solicited, only when in their best interest, to invest in the pooled investment vehicle.

### **B. Registered Representatives**

As disclosed under Item 5, Fees and Compensation, Mr. Mahdavi and Mr Saft are both principals and officers of Registrant and are also registered representatives of S.F. Sentry Securities, Inc., an unaffiliated registered broker-dealer.

### **C. Addressing Potential Conflicts of Interest**

Registrant recognizes that its relationships described above may result in potential conflicts of interest between the interests of advisory clients and the interests of Registrant. Registrant has taken numerous actions to address these potential conflicts of interest. Registrant is committed

to meeting its fiduciary duty to its clients under the Advisers Act, which includes the duty to act in its clients' best interest at all times and to disclose material conflicts of interest.

Registrant has adopted and implemented a Code of Ethics and Compliance Program that includes policies and procedures regarding Registrant's fiduciary duty with respect to potential conflicts of interest resulting from investments and accounts managed by Registrant's affiliated investment advisers and limited partnerships. These policies and procedures require, among other things, that Registrant: (1) manage portfolios in accordance with client investment guidelines and objectives; (2) invest client funds in affiliated entities only when such investments are in the clients' best interest; (3) disclose all fees charged by Registrant and its affiliates; (4) allocate investment opportunities among affiliated entities in a fair and equitable way; and (5) prohibit employees from wrongfully profiting the expense of advisory clients. Registrant has also appointed Corey Saft as the Chief Compliance Officer. As Chief Compliance Officer, Mr. Saft is responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and Registrant's Code of Ethics and Compliance Program on an ongoing basis. Mr. Mahdavi is also responsible for ensuring that Registrant and its employees meet their fiduciary obligations under the Advisers Act and Registrant's Code of Ethics and Compliance Program.

#### **Item 11 – Code of Ethics**

Registrant has adopted a Code of Ethics for all supervised persons of the Registrant, which includes all employees of Registrant and its affiliates, describing its high standard of business conduct and fiduciary duty to its clients. The purpose of this Code of Ethics is to require Registrant and its employees to act in the best interests of its clients at all times and to address potential conflicts of interest between Registrant and its employees and advisory clients. Registrant's clients or prospective clients may request a copy of the Code of Ethics by contacting Corey Saft, Chief Compliance Officer, at (415) 231-7490.

Registrant's Code of Ethics is based on the principle that all employees and certain other persons have a fiduciary duty to place the interest of clients ahead of their own interest and the interests of Registrant and its affiliates. The Code of Ethics applies to all "Access Persons" (i.e. employees and certain other persons with access to confidential information regarding client investments). Access Persons must avoid activities, interests and relationships that might interfere with making decisions in the best interest of advisory clients. As fiduciaries, all Access Persons must, at all times: (1) place the interests of advisory clients first; (2) avoid taking inappropriate advantage of their position (For example, access persons may not use their knowledge of portfolio transactions to profit by the market effect of such transactions); and (3) conduct and report all personal securities transactions in full compliance with the Code of Ethics on an ongoing basis. These reporting requirements ensure that Access Persons do not place their personal interests ahead of clients' interests when making their personal securities transactions.

The Code of Ethics also permits Registrant and its employees to personally invest in securities of the same class that are purchased for clients and to own securities of a class that are

subsequently purchased for clients. If securities of a particular class are purchased or sold for clients and Registrant or its employees on the same day, then the client will either pay or receive a more favorable price, or receive the same price as Registrant, affiliates and employees. Registrant and/or its employees may also buy or sell a specific security for its/their own account which they do not deem appropriate to buy or sell for clients.

Access Employees who violate the Code of Ethics are subject to sanctions, which may include dismissal from employment and the reporting of misconduct to legal authorities.

## **Item 12 – Brokerage Practices**

Registrant generally has discretion over the selection of the brokers to be used and the commission rates to be paid in the absence of specific instructions from a client. Subject to obtaining best execution and competitive pricing in Registrant's good faith judgment, Registrant generally selects S.F. Sentry Securities, Inc., an unaffiliated broker-dealer registered with the SEC and FINRA, as the introducing broker for its advisory clients. S.F. Sentry Securities, Inc. earns most of its revenues by providing brokerage services to Registrant, and other affiliated entities. Brokerage clearing services are generally provided by RBC Clearing Corp. Other brokers may also provide brokerage clearing services on a limited basis.

In selecting a broker for any transaction or series of transactions, Registrant will attempt to obtain, in its good faith judgment, the best qualitative execution. In this regard, Registrant may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency or execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, offering to Registrant on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades and other matters involved in the receipt of brokerage services generally.

Registrant may, in its discretion, aggregate the trades of advisory clients with the trades of clients of its affiliated advisers and limited partnerships when it is in the best interests of its clients. Clients who participate in aggregated trades will receive the same prices and an equitable allocation of shares.

A client may direct Registrant to utilize a particular broker-dealer to execute some or all transactions for the client's account. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. Registrant will not seek better execution services or prices from other broker-dealers and will not be able to aggregate the client's transactions with other broker-dealers with orders for other accounts advised or managed by Registrant. As a result, Registrant may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.

### **Item 13 – Review of Accounts**

Client portfolios are reviewed and reconciled on at least a quarterly basis. More frequent reviews may be conducted in response to changes in market or economic conditions or changes in a client's investment objectives or financial condition. Securities held in client accounts are reviewed on a daily basis. Reviews are generally conducted by Mr. Mahdavi. Registrant provides clients with at least quarterly written reports regarding portfolio holdings, trades, fees and performance.

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

Registrant does not pay compensation for client referrals.

### **Item 15 – Custody**

RBC Clearing Corp, Fidelity and Schwab are the custodians for over 95% of advisory clients' assets. Other custodians hold the remaining client assets. RBC Clearing Corp, Fidelity, Schwab and other custodians send monthly or quarterly brokerage or custodial statements directly to clients. These statements should be carefully reviewed by clients. Registrant encourages its clients to carefully compare quarterly reports provided by Registrant to custodial and brokerage statements issued by RBC Clearing Corp, Fidelity, Schwab or other custodians.

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

Registrant generally provides discretionary advisory services to its clients in accordance with investment guidelines and restrictions determined in consultation with clients. Discretionary services means that Registrant will purchase and sell securities without prior client permission in accordance with a limited power of attorney. The limited power of attorney generally prohibits Registrant from withdrawing funds from the clients' custodial and brokerage accounts. For non-discretionary services, Registrant generally obtains specific client consent prior to the purchase or sale of a security.

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

Registrant does not have proxy voting rights for any of its clients. Registrant instructs each client's custodian to deliver all proxy voting materials directly to the client. Clients who wish to discuss their proxy votes with Registrant may call Corey Saft, Chief Compliance Officer, at (415) 231-7490.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures regarding any financial conditions that may impair their ability to meet contractual commitments to clients. Registrant has no financial conditions that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.