

## FORM ADV PART 2A & 2B

**BAU Advisors LLC**

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August 2019

This brochure provides information about the qualifications and business practices of the Investment Adviser. If you have any questions about the contents of this Brochure, please contact 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.

Additional information is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for the firm is: 301667

Any references as an investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

## Item 2 - MATERIAL CHANGES

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was August 23<sup>rd</sup>, 2019 (initial ADV).

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, 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 fiscal year, which is December 31<sup>st</sup>. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting the CCO. Additional information is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The website also provides information about any persons affiliated who are registered, or are required to be registered, as an investment advisor representative.

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August 2019

Initial ADV Part 2A and 2B.

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## Item 4 - ADVISORY BUSINESS

The firm, BAU Advisors LLC (BAU) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

### A. FIRM INFORMATION

The firm was established in May 2015. The members of this firm are Francisco Salonia-Ruzo and Fernando Moncho Lobo. Additional business information is disclosed on the Supplemental Brochure attached to this Brochure.

### B. ADVISORY SERVICES OFFERED

The firm provides asset management services based on the individual needs of the client. BAU customizes a managed account based on the client's investment goals, objectives, and risk tolerance. BAU will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, BAU will implement the portfolio allocation. BAU does not normally provide continuous and ongoing management of your account.

If this is the case and expressly requested by you, BAU may manage the account and will make changes to the allocation as deemed appropriate by BAU. BAU will determine the businesses or securities to be purchased and sold in the account and will alter the businesses' stakes or securities holdings from time to time, without prior consultation with you. BAU may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer- or shorter-term periods. Discretionary authority will be granted by you to BAU by execution of the management agreement.

If you elect to have your accounts managed on a non-discretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement.

Transactions in the account, account re-allocations and re-balancing may trigger a taxable event (you may wish to consult your tax accountant or tax lawyer prior to investing) with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

BAU may invest all or part of your assets in private equity businesses, marketable securities and/or funds (on-shore and offshore fund, including non-registered funds and Hedge funds). Additionally, non-investment grade securities, including Emerging Markets securities, may be included in the investments recommended. Such securities may be more

volatile and less liquid than investment grade securities. Your allocation is determined among various businesses, securities and funds reflecting different geographic and economic sectors.

#### General Information

The advice offered by BAU is not to be considered legal or tax advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. It is necessary to inform BAU promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify BAU of any such changes could result in advice not meeting your needs.

#### C. CLIENT ACCOUNT MANAGEMENT

BAU tailors asset management services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain businesses, industries, regions, securities or types of securities. BAU will meet with you and conduct an interview and gather various financial information about you including existing accounts and assets, investment goals and objectives, and financial needs. BAU generally does not utilize other investment advisers, but if applicable, it would discuss with you prior to engagement to review reasons and parameters (e.g. specialized market or segment or upon your request). Also, BAU does not generally provide educational seminars or workshops.

#### D. WRAP FEE PROGRAMS

BAU does not participate in a wrap fee program.

### Item 5 - FEES AND COMPENSATION

#### A. FEES FOR ADVISORY SERVICES

Fees are negotiable and are can be based upon different metrics including but not limited to a relevant asset notional size, its market value, a share of capital gains upon or capital appreciation of the funds or any portion of the funds and different performance metrics. Fees may include upfront charges, periodic charges, exit charges and other charges as relevant to the specific advisory agreement.

BAU charges an account or counterparties for the services outlined throughout this Advisory Agreement, which may or not includes the brokerage execution services, clearing, and the cost to establish and maintain an account. This is called the “BAU Fee”. The amount charged to each individual account or counterparty is generally based on its value but it may use other metrics not necessarily related to value. In general, the BAU Fee that applies to an individual account of \$1,000,000 or less is \$1,000 per month which is the minimum fee to maintain an account at BAU. The BAU Fee that applies to an individual account of \$1,000,000 or more is 10 basis points (or 0.10%) per year which will be charged on the entire value of the account, and not just the portion that exceed the \$1,000 per month.

BAU may change the above fee schedule upon 30-days prior written notice to you.

## B. FEE BILLING

Advisory fees will generally be collected from your account, provided you have given BAU a Letter of Approval (“LOA”). BAU will provide you with a fee invoice outlining the calculation of the fee. The fee invoice will be provided to you according to your mailing instructions provided in the advisory agreement between BAU and you or otherwise communicated to BAU. If the Account does not contain sufficient funds to pay advisory fees, BAU has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to BAU, except for ERISA and IRA accounts.

If you elect to pay BAU directly for the monthly fee, advisory fees remaining unpaid 30 days after invoice will be subject to a 1% per month late-payment fee until payment is received.

## C. OTHER FEES AND EXPENSES

In addition to the advisory fees you pay the investment adviser managing your account, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian’s transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by BAU and are charged by the product, broker/dealer or account custodian.

## D. ADVANCE PAYMENT OF FEES AND TERMINATION

Advisory fees will be charged in arrears (i.e. at the end) of each calendar quarter. The quarterly advisory fee will be calculated based on the average gross market value of the investment account on the last business day of each month of the calendar quarter. (Refer to the fee calculation formula above.) Fees for partial periods will be prorated. The initial quarterly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

For certain discretionary accounts, the average capital under management during the billable quarter is used as the basis for the computation of the fee.

For certain discretionary accounts, the market value used for the calculation is the average of the market value of the property, including cash, on the last day of each 3 months preceding the billing date. Work days are defined as per NYSE schedule.

#### Termination Provisions

You may terminate investment advisory services obtained from BAU, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with BAU. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon 30-days prior written notice delivered to BAU. Should you terminate investment advisory services during a calendar quarter, you will be charged a pro-rated portion of the advisory fee up to the date of termination. The final fee will be calculated on the value of the account as of the termination date or the date the bulk transfer occurs, whichever occurs sooner.

### **Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

This section is not applicable to BAU since BAU does not charge performance-based fees.

### **Item 7 - TYPES OF CLIENTS**

BAU's services are geared toward investment funds and institutional investors.



For small non-discretionary accounts, BAU may impose a minimum fee threshold per billing cycle and may negotiate a flat fee. Both minimum fees and flat fees are paid quarterly in arrears.

Minimum account requirements are negotiable with BAU and may be waived at BAU's discretion.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS**

BAU conducts a combination of fundamental and technical analysis. Fundamental analysis generally involves assessing a business' or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a business' or security's price, trading volume, and other market-related factors in an attempt to discern patterns.

### **B. RISK OF LOSS**

Investing in certain businesses and in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any management program will require you to be prepared to bear the risk of loss and fluctuating performance.

BAU does not represent, warrantee or imply that the services or methods of analysis used by BAU can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by investment advisers recommended by BAU will provide a better return than other investment strategies or investment advisers.

No investment strategy can avoid loss. Investing in businesses and in securities involves risk of loss that you need to be prepared to bear.

As part of the investment strategy, BAU may invest in non-US bonds, non-US equities, non-investment grade securities, Euro bonds or similar securities, including emerging markets securities. Some of these securities may be illiquid and not have a readily available market.

### Risks of High Yield Investing

BAU may invest your assets in debt securities which are rated below the investment grade (“lower-rated securities”, sometimes referred to as “high yield” or “junk bonds”) or which are unrated but deemed equivalent to those rated below investment grade by BAU. The lower the ratings of such debt securities, the greater their risks. These debt instruments generally offer a higher current yield than that available from higher-grade issues, but typically involve greater risk. The yields on high yield/high risk bonds will fluctuate over time. In general, prices of all bonds rise when interest rates fall and fall when interest rates rise. Lower-rated and unrated securities are especially subject to adverse changes in general economic conditions and to changes in the financial condition of their issuers. During periods of economic downturn or rising interest rates, issuers of these instruments may experience financial stress that could adversely affect their ability to make payment of principal and interest and increase the possibility of default. BAU may have difficulty disposing of certain high yield bonds because there may be a thin trading market for such securities. To the extent that a secondary trading market for high yield bonds does exist, it is generally not as liquid as the secondary market for higher-rated securities. Reduced secondary market liquidity may have an adverse effect on market price and BAU’s ability to dispose of particular issues.

Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of these securities especially in a market characterized by only a small amount of trading.

### Risks of Global Investing

Global investing involves special economic and political considerations. Such considerations include changes in exchange rates and exchange rate controls (which may include suspension of the ability to transfer currency from a given country), currency devaluations, costs incurred in conversions between currencies, non-negotiable brokerage commissions, less publicly available information, different accounting standards, lower trading volume and greater market volatility, the difficulty of enforcing obligations in other countries, less securities regulation, different tax provisions (including withholding on dividends and interest paid to an account), war, expropriation, political and social instability, and diplomatic developments.

Risks Of Emerging Markets Investing

Emerging market countries are those countries defined as “emerging markets” by certain entities such as the World Bank or the United Nations. Securities of many issuers in emerging markets may be less liquid and more volatile than domestic issuers. Emerging markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of an account is uninvested and no return is earned thereon. The inability of an account to make intended security purchases due to settlement problems could cause an account to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to an account due to subsequent declines in value of the account securities or, if an account has entered into a contract to sell the security, in possible liability to the purchaser. Costs associated with transactions in foreign securities are generally higher than costs associated with transactions in US securities. Such transactions also involve additional costs for the purchase or sale of foreign currency.

Foreign investment in certain emerging market debt obligations is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in certain emerging market debt obligations and increase the costs and expenses of an account. Certain emerging markets require prior governmental approval of investments by foreign persons, and/or impose additional taxes on foreign investors. These markets may also restrict investment opportunities in issuers in industries deemed important to national interests.

Certain emerging markets may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if deterioration occurs in an emerging market’s balance of payments or for other reasons, a country could impose temporary restrictions on foreign capital remittances. An addition, if deterioration occurs in an emerging market’s balance of payments or for other reasons, a country could impose temporary restrictions on foreign capital remittances. An account could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to an account of any restrictions on investments.

Many emerging markets have experienced, and continue to experience, high rates of inflation. In certain countries, inflation has at times accelerated rapidly to hyper-inflationary levels, creating a negative interest rate environment and sharply eroding the value of

outstanding financial assets in those countries. Increases in inflation could have an adverse effect on an account's non-dollar denominated securities and on the issuers of debt obligations generally.

Individual foreign economies may differ favorably or unfavorably from the US economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. The securities markets, values of securities, yields and risks associated with securities markets in different countries may change independently of each other.

Investment in sovereign debt can involve a high degree of risk. Holders of sovereign debt (including an account) may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which sovereign debt on which governmental entities have defaulted may be collected in whole or in part.

Additionally, there can be no assurance that an account's investment in Emerging Markets would not be expropriated, nationalized or otherwise confiscated.

*Markets and Securities Traded May Be Illiquid* – At various times, the markets for securities purchased or sold may be illiquid, making purchase or sale of securities at desired prices or in desired quantities difficult or impossible.

*Spread Trading and Arbitrage Trading May Involve Potential Risks* – Investment operations may involve spread positions between two or more securities position. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The trading operations also may involve arbitrage between a security and its announced buy-out price or other forms or “risk arbitrage” between various securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

*Currency and Exchange Rate Risks* – Changes in currency exchange rates may affect the value of a portfolio and the unrealized appreciation or depreciation of investments.

Additional risks as discussed in greater detail in the topics Risks of High Yield Investing, Risks of Global Investing, Risks of Emerging Markets Investing and Special Risks Relating

to Certain Investment Instruments may also be applicable to hedge fund investing and should be reviewed within that potential context also.

*Special Risks Relating to Certain Investment Instruments*

*Currency Forwards* – Currency forwards may be purchased or sold in order to hedge the decline in value of securities or to invest in the currency of an Emerging Market country. BAU may enter into contractual obligations to purchase a specific currency at an agreed upon price for a specific date with a known counter-party. There is the risk that the counter-party will not be able to perform its obligation (counter-party risk).

*Certificates of Deposit* – BAU may purchase certificates of deposit (CDs) issued by commercial banks that may be domiciled in an Emerging Market country, or through an offshore branch of such a bank. CDs may settle domestically with a local custodian or sub-custodian or may settle via "Euroclear" (EuroCDs). CDs may be denominated in local currency or in a major currency such as the U.S. dollar or Japanese Yen, or be linked to hard currency. CDs could be rated or unrated.

*Commercial Paper/Medium Term Notes* – BAU may purchase commercial paper (CP) or medium-term notes (MTNs) issued by a private sector enterprise domiciled in an Emerging Market country or through its offshore entity via a special purpose vehicle or note program. CP/MTNs may settle either domestically with a local custodian, in "Euroclear" (EuroCP or EuroMTNs), or in other major markets (such as Asian currency notes). CP/MTNs may be denominated in local currency or in a major currency such as the U.S. dollar, or be linked to a hard currency. CP/MTNs could be rated or unrated.

If a Foreign Currency Constraint Event happens where under certain circumstances an issuer is restricted or prevented from paying the Specified Currency for amounts owing under the CDs, holders of CDs may elect to receive payment in the lawful currency of the pertinent country, i.e., Brazil. If a holder does not elect to receive payments in the lawful currency of the pertinent country, i.e., Brazil, after the termination of the Foreign Currency Constraint Event such holder will receive any payments in respect of the CDs in such Specified Currency. A Foreign Currency Constraint Event will not be deemed to be an event of default and holders of CDs containing a Foreign Currency Constraint provision shall have no recourse against the Issuer's assets and operations outside the pertinent

country, i.e., Brazil, including, without limitation its assets and operations in another jurisdiction or country.

*Structured Products* – BAU may purchase structured products in various forms.

*Illiquid and Restricted Securities* – The absence of a trading market can make it difficult to ascertain a market value for illiquid securities. Disposing of illiquid securities may involve time-consuming negotiation and legal expenses, and it may be difficult or impossible for an account to sell them promptly at an acceptable price.

*Convertible Securities* - While convertible securities generally offer lower yields than non-convertible debt securities of similar quality, their prices may reflect changes in the value of the underlying common stock. Convertible securities generally entail less credit risk than the issuer's common stock.

An account may be required to permit the issuer of a convertible security to redeem the security and convert it into the underlying common stock or the cash value of the underlying common stock. Thus, an account may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on an account's ability to achieve its investment objectives.

*Zero Coupon Securities* – Zero coupon securities are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities that make current cash distributions of interest.

*Derivatives* – This includes, without limitation, forward currency contracts, swap contracts, financial futures, index options, etc. The risks of derivatives include the possible default by the other party to the transaction, illiquidity and, to the extent BAU view as to certain market movements is incorrect, the risk that the use of such derivatives could result in losses greater than if they had not been used. Use of put and call options may result in losses to an account, force the sale or purchase of account securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation an account can realize on its investments or cause an account to hold a security it might otherwise sell. The use of currency transactions can result in an account incurring losses as a result of a number of factors including the imposition of exchange controls, suspension of settlements or the inability to deliver or receive a specified currency. The use of options and futures transactions



entails certain other risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related account position of an account creates the possibility that losses on the hedging instrument may be greater than gains in the value of an account's position. In addition, futures and options markets may not be liquid in all circumstances and certain over the counter options may have no markets. As a result, in certain markets, an account might not be able to close out a transaction without incurring substantial losses, if at all. Although the use of futures contracts and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in value of such position.

Finally, the daily variation margin requirements for futures contracts would create a greater ongoing potential financial risk than would purchases of options, where the exposure is limited to the cost of the initial premium. Losses resulting from the use of derivatives would reduce net asset value, and possibly income, and such losses can be greater than if the derivatives had not been utilized.

## **Item 9 - DISCIPLINARY INFORMATION**

Investment Advisors must disclose any legal or disciplinary events that would be material to your evaluation of BAU or the integrity of our services. There is no reportable disciplinary information required for BAU or its management persons that is material to your evaluation of BAU, its business or its management persons.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

BAU is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, BAU is not and does not have a related person who is: investment company or other pooled investment vehicle, futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

BAU has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. BAU takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as BAU's policies and procedures. Further, BAU strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with BAU's Privacy Policy. As such, BAU maintains a code of ethics for its staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, BAU's Code of Ethics establishes BAU's expectation for business conduct. A copy of BAU's Code of Ethics will be provided to you upon request.

### **B. PERSONAL TRADING WITH MATERIAL INTEREST**

Neither BAU nor its associated persons recommend to clients or buys or sells for client accounts any securities in which we have a material financial interest.

### **C. PERSONAL TRADING IN SAME SECURITIES AS CLIENTS**

BAU and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, BAU and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. BAU and its associated persons will not put their interests before your interest. BAU and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

### **D. PERSONAL TRADING AT SAME TIME AS CLIENT**



BAU is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

#### *Prohibition on Use of Insider Information*

BAU has adopted policies and procedures to prevent the misuse of “insider” information (i.e. material non-public information). A copy of such policies and procedures is available to any person upon request.

### **Item 12 - BROKERAGE PRACTICES**

#### *Factors Considered When Selecting Broker/Dealer*

Whenever requested to do so, BAU will select the broker/dealers who it believes can provide best execution of securities transactions. Generally, clients leave the selection of the broker/dealer to BAU. However, occasionally, a client may direct BAU to use a particular broker for a given trade or for certain client relationships. BAU may recommend an entity for custody and/or brokerage services.

In selecting a broker/dealer for a transaction, BAU uses its best judgment to choose the broker/dealer most capable of providing the services necessary to obtain the best available price and most favorable execution. The full range of brokerage and research services applicable to a particular transaction will be considered when making this judgment.

When more than one broker can offer the brokerage services needed to obtain the best available price and most favorable execution, BAU may consider selecting those brokers that also supply research services of assistance to the BAU. Nevertheless, consistent with Section 28(e) of The Securities Exchange Act of 1934, BAU may pay commissions to such brokers at a level that may be higher than those charged by other qualified brokers if BAU determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker viewed in terms of BAU's responsibilities to its clients. To a limited extent, BAU may also obtain research and research-related services or products on a soft dollar basis outside of the conditions of Section 28(e) which cover discretionary advisory client relationships and brokerage arrangements, among other conditions.

In these instances, BAU may direct brokerage transactions for non-discretionary client relationships to broker dealers providing or making available research services through others, i.e., third party research. Any such brokerage arrangements are also subject to BAU's good faith determination that the commission amount is reasonable in relation to the value of the research services obtained consistent with BAU's responsibilities to its clients. These research services and products provided by brokers to BAU may include information on the economy, industries, political, tax and legal developments affecting the portfolio management, credit and risk analysis, asset classes and individual securities and quotation equipment, i.e., Bloomberg. Research obtained from such brokers may be used in servicing all or a portion of BAU's accounts.

Not all such research may be used in connection with transactions to the broker providing such research. Additionally, for any "soft dollar" arrangements, BAU periodically and regularly tracks, monitors and checks all transactions and commissions generated.

The investment approach of BAU is that useful analytical research is available outside from a large number of reliable sources. The resulting diversification of research sources allows BAU to access a larger quantity of information than it could possibly analyze with its own resources. To the extent that brokerage and research services of value are provided by broker/dealers, BAU may be relieved of some expenses that it might otherwise bear and it can better contain its costs. BAU is under no obligation to direct a specific level of securities trades to broker/dealers in exchange for research; however, BAU may enter into agreements with brokers to use commission dollars generated during the course of business transactions for payment of research services and products. It should be noted that the receipt of research is a function of maintaining an active relationship with broker/dealers furnishing such research.

#### *Client Referrals in Exchange for Broker Dealer Services*

In selecting or recommending broker dealers, BAU does not consider whether a broker deal can provide BAU or a related person with client referrals. At this time, BAU does not have any agreements with broker dealers, either written or oral, relating to client referrals with any broker dealer.

#### *Directed Brokerage*

Clients may direct BAU to execute securities transactions through specific agents or broker-dealers. In such cases, the client shall negotiate the terms and arrangements for the account with the designated agent or broker-dealer and BAU shall not seek better execution services or prices from other broker-dealers or be able to "bunch" clients' transactions for execution

through other broker-dealers with orders for other accounts managed by BAU. As a result, clients with directed brokerage may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for their account(s) than would otherwise be the case.

BAU does not recommend, request or require that clients direct us to execute transaction through a specified broker dealer.

#### *Bunched/Aggregated Transactions*

The procedures used by BAU in effecting trades, particularly when on a “bunched” basis, are intended to ensure that BAU does not favor one account over any other account and that investment opportunities are allocated, over time, in a fair and equitable manner.

BAU may maintain “omnibus” accounts at various broker/dealers and custodian banks for the purpose of executing, clearing and settling transactions that are “bunched”, where appropriate, on a best execution basis.

Consistent with its duty of best execution, BAU, from time to time, buys and sells securities on a “bunched” basis, allocating the securities among multiple client accounts.

## **Item 13 - REVIEW OF ACCOUNTS**

### **A. FREQUENCY OF REVIEWS**

BAU will contact the client and request at least an annual review. Reviews will be conducted by a qualified investment advisory representative.

### **B. CAUSES FOR REVIEWS**

It is important that you notify BAU promptly of any changes to your financial goals, objectives or financial situation as such changes may require BAU to review your account and adjust the portfolio allocation.

### **C. REVIEW REPORTS**

BAU does not produce or provide reports.

## Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### A. COMPENSATION RECEIVED BY BAU

BAU may enter into a service agreement with other entities, including client custodians, and will receive compensation from these entities for services provided. These services may include 1) general analysis regarding equities and emerging markets and 2) marketing services. Aside from research products and services received from asset managers, asset custodians, and securities broker dealers, the economic benefit and compensation that Adviser may receive may be in the form of fee concessions, retrocessions, finder's fees and any permissible remuneration as permitted by law or applicable regulation. Compensation to BAU may be a percentage of assets under management or a fee based on billable time spent providing the service.

Additionally, BAU may enter into service agreements whereby other entities would be compensated for certain administrative and miscellaneous services rendered to BAU. Additionally, BAU may advise its clients to invest in Investment Funds (including non-registered offshore Funds). BAU may be paid a finder's fee or an advisory fee in connection with such investments. BAU may receive an economic benefit from a non-client for recommending a specific security (including mutual funds) to a client. Aside from research products and services discussed in Item 12, the economic benefit may be in the form of retrocession, finder's fees and any permissible remuneration as permitted by law or applicable regulation.

### B. CLIENT REFERRALS FROM SOLICITORS

BAU may enter into arrangements with third parties whereby BAU will pay third parties who introduce clients to BAU a portion of the advisory fee received by BAU from such clients. Such arrangements will be fully disclosed to clients in accordance with, and otherwise comply with, Rule 206(4)-3 under the Investment Advisers Act of 1940. We directly compensate non-employee (outside) consultants, individuals, and/or entities ("Solicitors") for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as

long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Item 15 - CUSTODY**

BAU does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. We will only collect upon executing of your LOA to transfer due funds. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided or thru your direct online bank account access. You should carefully review those statements promptly when you receive them.

## **Item 16 - INVESTMENT DISCRETION**

You may grant BAU authorization to manage your account on a discretionary basis. Discretionary authority will give BAU the authority to buy, sell, exchange and convert securities in your managed accounts. You will grant such authority to BAU by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by BAU.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of BAU's advisory fees from the account, if you have authorized automatic deductions, BAU will not have the ability to withdraw your funds or securities from the account.

## **Item 17 - VOTING CLIENT SECURITIES**

BAU does not vote your securities. BAU is not able to answer questions about any proxy you may receive. You should contact the investment adviser managing your account about questions regarding proxies, but keep in mind help is limited to directing you to your custodial firm. Every custodial firm will route directly to you any and all voting or related issue; you may seek counsel advice if deemed necessary to vote, or not, as desired or as per your independently hired counsel advice.

## **Item 18 - FINANCIAL INFORMATION**

- A. BAU is financially stable. There is no financial condition that is likely to impair its ability to meet any contract actual commitment to you or any other client.
- B. Neither BAU nor any of its management persons have been the subject of a bankruptcy petition.

## **Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISORS**

### **A. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE OF PRINCIPAL OFFICERS**

The formal education and business background of advisors is disclosed on the attached Supplement.

### **B. OTHER BUSINESS ACTIVITIES OF PRINCIPAL OFFICERS**

BAU is not actively engaged in any other business. Other businesses in which the principal executive officers and management persons are actively engaged are disclosed in this disclosure brochure or on the attached Supplement.

### **C. PERFORMANCE FEE CALCULATIONS**

BAU does not charge performance-based fees for its investment advisory services. The fees charged by BAU are as described in “Item 5 – Fees and Compensation” above.

#### D. DISCIPLINARY INFORMATION

The principal executive officers and management persons have not been involved in any of the following.

An event involving an arbitration claim alleging damages in excess of \$2,500 involving:

- An investment or an investment related activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- an investment or an investment-related business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

#### E. MATERIAL RELATIONSHIPS WITH ISSUERS OF SECURITIES

BAU does not have any relationship or arrangement with any issuer of securities.

## FORM ADV PART 2B

for

Francisco Salonia-Ruzo  
Managing Director

&

Fernando Moncho Lobo  
Managing Director

Effective: August 2019

If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the BAU Disclosure Brochure or this Brochure Supplement, please contact us at (305) 399 9951 and/or [guilherme@jfintlcompliance.com](mailto:guilherme@jfintlcompliance.com)

Additional information is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Francisco Salonia-Ruzo

### Item 1 - Educational Background and Business Experience

#### **University of Chicago**

Booth School of Business 1997

#### **University of North Carolina at Chapel Hill**

BS in Business Administration 1991

#### **BAU Advisors** (2015 – to date)

Founding Partner

#### **Antarctica Asset Management** (2001-2016)

Founding Partner

#### **JP Morgan** (1997 – 2001)

New Markets Domain – LabMorgan

Equity Derivatives Marketing

Latin America

#### **Price Waterhouse** (1991 – 1995)

Financial Regulatory Group

### Item 2 - Disciplinary Information

Francisco Salonia-Ruzo is not subject to legal or disciplinary events that are material to a client or prospective client's evaluation of him or the services offered by him.

### Item 3 - Other Business Activities

Francisco Salonia-Ruzo is one of the two Managing Directors of BAU Advisors LLC.

He is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other business or occupation for compensation. "Actively engaged" is deemed to mean the business activity represents more than 10 percent of his time and income.

#### Item 4 - Additional Compensation

As a Managing Director of BAU Advisors LLC, Francisco may receive periodic distributions. Although potentially a conflict of interest, periodic reviews of this conflict are performed to mitigate it and both entities are normally audited according to the regulatory frame-work.

#### Item 5 - Supervision

Supervision and oversight of the activities conducted through BAU is conducted by Fernando Moncho Lobo and Francisco Salonia-Ruzo, together with Guilherme Junqueira Franco, BAU's Chief Compliance Officer. Further, as an investment adviser, Francisco has an obligation to act in your best interest.

#### Item 6 - Requirements for State-Registered Advisers

Francisco has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices. Additionally, he has not been the subject of a bankruptcy petition.

## **Fernando Moncho Lobo**

### **Item 1 - Educational Background and Business Experience**

#### **University of North Carolina at Chapel Hill**

BA with Honors in Economics 1991

#### **BAU Advisors (2015 – to date)**

Founding Partner

#### **Antarctica Asset Management (2001-2015)**

Founding Partner

#### **JP Morgan (1992 – 2000)**

Head of Equity Derivatives Marketing

Latin America

Investment Banking

### **Item 2 - Disciplinary Information**

Fernando Moncho Lobo is not subject to legal or disciplinary events that are material to a client or prospective client's evaluation of him or the services offered by him.

### **Item 3 - Other Business Activities**

Fernando Moncho Lobo is one of the two Managing Directors of BAU Advisors LLC.

He is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other business or occupation for compensation. "Actively engaged" is deemed to mean the business activity represents more than 10 percent of his time and income.

### **Item 4 - Additional Compensation**

As a Managing Director of BAU Advisors LLC, Fernando may receive periodic distributions. Although potentially a conflict of interest, periodic reviews of this conflict are performed to mitigate it and both entities are normally audited according to the regulatory frame-work.

## Item 5 - Supervision

Supervision and oversight of the activities conducted through BAU is conducted by Fernando Moncho Lobo and Francisco Salonia-Ruzo, together with Guilherme Junqueira Franco, BAU's Chief Compliance Officer. Further, as an investment adviser, Fernando has an obligation to act in your best interest.

## Item 6 - Requirements for State-Registered Advisers

Fernando has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery, forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices. Additionally, he has not been the subject of a bankruptcy petition.

# PRIVACY POLICY

Effective: August 1<sup>st</sup>, 2019

## BAU's Commitment to You

BAU Advisors LLC ("BAU" or the "Advisor") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. BAU (also referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

BAU does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and proper business purposes in connection with the servicing and management of our relationship with you as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Privacy Policy.

Why you need to know?	
Registered Investment Advisors ("RIAs") share some of your personal information. Federal and State laws give you the right to limit some of this sharing. Federal and State laws require RIAs to disclose how we collect, share, and protect your personal information.	

What information do we collect from you?	
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

What sources do we collect information from in addition to you?	
Custody, brokerage and advisory agreements	Account applications and forms

Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

#### How we share your information?

RIAs do need to share personal information regarding its clients to effectively implement the RIA's services. In the section below, we list some reasons we may share your personal information.

Basis for Sharing	Sharing	Limitations
<b>Servicing our Clients</b> We may share non-public personal information with nonaffiliated third parties (such as brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed services to you consistent with applicable law, including but not limited to: <ul style="list-style-type: none"> <li>• Processing transactions;</li> <li>• General account maintenance;</li> <li>• Responding to regulators or legal investigations;</li> <li>• Credit reporting, etc.</li> </ul>	BAU may share this information.	Clients cannot limit the Advisor's ability to share.
<b>Administrators</b> We may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.	BAU may share this information.	Clients cannot limit the Advisor's ability to share.
<b>Marketing Purposes</b> BAU does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services.	BAU does not share personal information	Clients cannot limit the Advisor's ability to share.

## BAU Advisors LLC

Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where BAU or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.		
<b>Authorized Users</b> In addition, your non-public personal information may also be disclosed to you and persons we believe to be your authorized agent or representative.	BAU does not share personal information	Clients can limit the Advisor's ability to share.
<b>Information About Former Clients</b> BAU does not disclose, and does not intend to disclose, nonpublic personal information to non-affiliated third parties with respect to persons who are no longer our clients.	BAU does not share personal information regarding former clients	Clients can limit the Advisor's ability to share.

### How do we protect your information?

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural and electronic safeguards. These include computer safeguards such as passwords, secured files and buildings.

Our employees are advised about BAU's need to respect the confidentiality of each client's non-public personal information. We train our employees on their responsibilities.

We require third parties that assist in providing our services to you to protect the personal information they receive. This includes contractual language in our third-party agreements.

### Changes to our Privacy Policy

We will send you notice of our Privacy Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise our Privacy Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of nonpublic personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

State specific regulations	
California	In response to a California law, to be conservative, we assume accounts with California addresses do not want us to disclose personal information about you to non-affiliated third parties except as permitted by California law. We also limit the sharing of personal information about you with our affiliates to ensure compliance with California privacy laws.

Questions: You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (305) 399 9951 and/or [guilherme@jfintlcompliance.com](mailto:guilherme@jfintlcompliance.com)