

**Item 1      Cover Page**



FORM ADV PART 2  
March 31, 2011

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This brochure provides information about the qualifications and business practices of San Juan Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at (787) 721-2483 and/or [info@sjasset.com](mailto:info@sjasset.com). 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 about San Juan Asset Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SJAM is a registered investment adviser; the registration does not imply a certain level of skill or training.

**Item 2      Material Changes**

The AUM for the last annual updated August 18, 2010 was 107,000,000. For this period the AUM is 125,000,000.

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#### **Item 4          Advisory Business**

San Juan Asset Management is an SEC registered investment advisor based in San Juan, Puerto Rico. The firm was begun in 2005 by Jose A. Vizcarrondo as the investment management arm of a highly successful family office responsible for managing family generational wealth more than a century old. San Juan Asset Management's investment professionals offer years of successful global investing experience in emerging and developed markets. The firm is committed to achieving attractive risk adjusted returns through its investment strategy that combines top-down (macro) and bottom-up (fundamental) approaches to investing in equities in developed and emerging markets worldwide. The investment team takes a dynamic approach of investing across countries, themes, and companies to take advantage of global macroeconomic trends as their effects become widely manifested.

San Juan Asset Management offers global long/short and long only investment strategies on a separate account basis or through its Global Opportunities Capital Appreciation Fund.

The principal owners are José A. Vizcarrondo with a participation of 90% and Ricardo Torres with a participation of 10%.

As of December 31, 2010 the total client assets was \$125,400,000 of which \$88,700,000 are discretionary and \$36,700,000 non-discretionary.

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

##### Management Fees

For the Global Equities Long Only strategy there is a management fee of 0.50% up to 1.25% based on assets under management. The general fee schedule is: 0-10 million, 1.25%, 10-20 million, 1.00%. 20-50 million, 0.90%. 50-100 million 0.70%, 100 million-beyond, 0.50%.

The investment advisory fee for the Global Opportunity Capital Appreciation Fund is 1.5%.

The fee is paid quarterly in advance based on the market value of assets in the account as of the last day of each calendar quarter, unless otherwise negotiated with the client. Fees may be deducted from client assets or billed to clients. Clients will be billed brokerage transaction costs associated with the buying and selling of securities as part of the normal management of the portfolio.

### Withdrawals

Customers can elect to reinvest or withdraw their interest and dividends earned. If a customer wishes to add or withdraw cash or securities from the account they may do so at any time with prior written notification to the investment adviser.

### Termination

The Investment Management Agreement may be terminated by either party at any time upon written notice pursuant to the provisions of the Investment Management Agreement. There is no penalty for terminating the client's account. Upon termination, the client receives a refund for the portion of the prepaid management fee which is not earned.

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

NOT APPLICABLE

## **Item 7            Types of Clients**

San Juan Asset Management, Inc provides this service to high net worth individuals and institutional clients seeking advice on their portfolio's performance. This includes Individuals, Corporations, Funds, Pension Plans, Government Entities, and Charitable Organizations.

SJAM imposes a minimum dollar amount of 1 million USD per separate account, however smaller accounts may be accepted or can be added in the Global Opportunities Capital Appreciation Fund, LLC. with a minimum of 50 thousand USD.

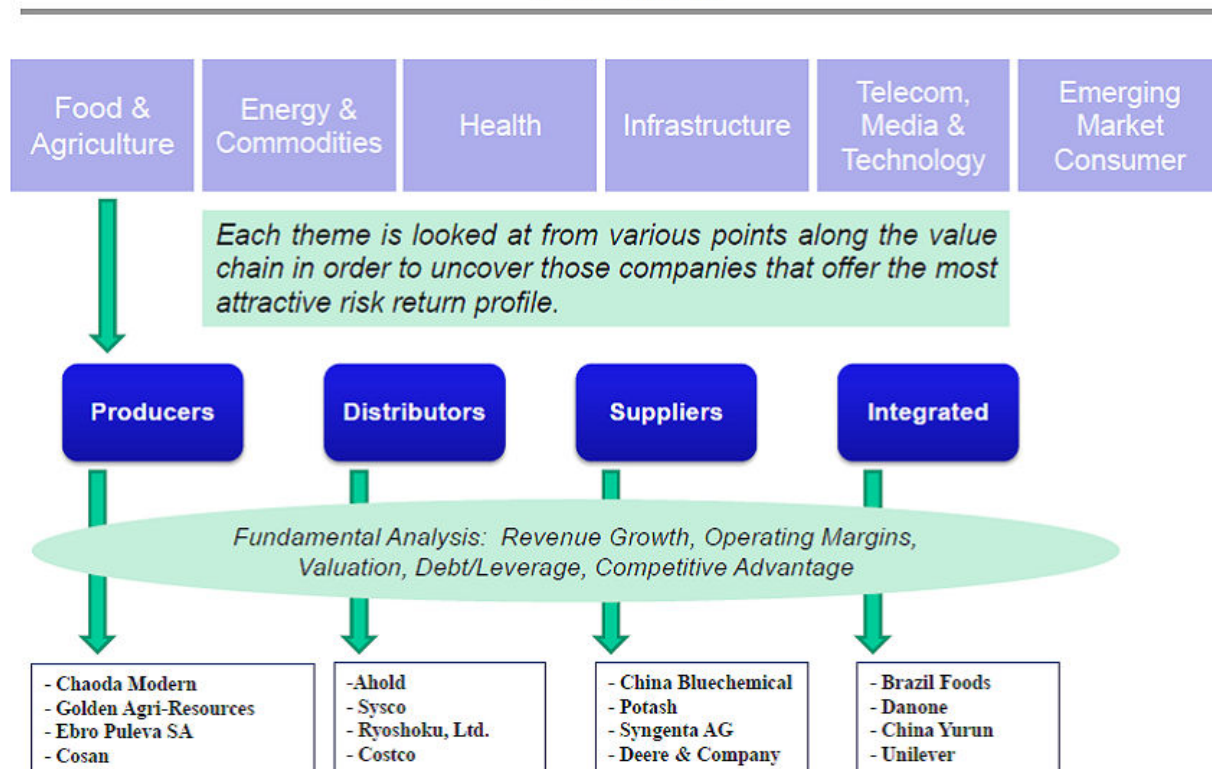
## **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

The investment team uses a distinctive thematic growth investment style which seeks to invest in high quality companies that may be temporarily out-of-favor, trade at an attractive valuation, and demonstrate sustainable, above-average growth potential.

We seek to purchase those types of companies within global themes we believe will grow at a faster pace than the world as a whole. In short, we first identify those major secular trends that have the potential to grow faster than world nominal GNP on a sustainable basis and then subsequently, we drill down into the particular theme to invest in those companies trading at a significant discount (ie: attractive valuation) to inherent value based on a number of different valuation metrics (ie: PE, EV/EBITDA, P/BK, opm, ect, dcf) and therefore offering the most attractive risk reward. See theme slide below. Our thematic investment

style gravitates towards and has a bias for those themes with above average growth potential and within those themes, we invest only in companies from a fundamental value oriented basis. In this manner we have two strong underpinnings for our investment thesis to outperform: above average secular trend growth and attractive valuations. Historically this has worked well for us as it provides a greater margin in which to outperform.

## THEMES



The nature of investing in the global equity markets involves risk of loss that clients should be prepared to bear.

### Item 9 Disciplinary Information

SJAM is obligated to disclose to clients and prospective clients all material facts with respect to a legal or disciplinary event that is likely to affect the client's appraisal of the adviser's ability to meet his advisory duties and contractual commitments. Certain disciplinary events listed in the Rule create a rebuttable presumption of materiality for ten years from the time of the event if they were not decided in favor of the adviser or a management person of the adviser. These events include criminal or civil court actions, administrative hearings before the SEC or any other federal or state regulatory agency, and self-regulatory

organization proceedings, where such events involved a violation of investment-related statutes or regulations, or other investment-related activities.

As of March 31, 2011 there are no material disciplinary events that have occurred in the past 10 years.

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

NOT APPLICABLE

**Item 11      Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

High ethical standards are essential for the success of the Adviser (together with any subsidiaries and affiliates, "San Juan Asset Management") and to maintain the confidence of clients and investors in investment funds managed by San Juan Asset Management ("clients"). San Juan Asset Management's long-term business interests are best served by adherence to the principle that the interests of clients come first. We have a fiduciary duty to clients to act solely for the benefit of our clients. All personnel of San Juan Asset Management, including directors, officers and employees of San Juan Asset Management must put the interests of San Juan Asset Management's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of San Juan Asset Management must also comply with all U.S. federal and other applicable securities laws. In recognition of San Juan Asset Management's fiduciary duty to its clients and San Juan Asset Management's desire to maintain its high ethical standards, San Juan Asset Management has adopted this Code of Ethics (the "Code") containing provisions designed to prevent improper personal trading, identify conflicts of interest and provide a means to resolve any actual or potential conflicts in favor of San Juan Asset Management's clients.

The Compliance Officer shall annually distribute a copy of the Code of Ethics to all Covered Persons. The Compliance Officer will also distribute promptly all amendments to the Code of Ethics. All Covered Persons are required annually to sign and acknowledge their receipt of this Code of Ethics by signing a form of acknowledgment or such other form as may be approved by the Compliance Officer. SJAM will provide a copy of the firms code of ethics to any client or prospective client upon request.

Personal Trading

The SJAM code of ethics requires all access persons to submit periodic reports to the compliance officer (or other designated person), as follows:

Within ten days of becoming an access person and once a year thereafter, each such person must provide the adviser with a holdings report, current as of a date not more than 45 days prior to the individual becoming an access person (with respect to the first report) or the date the report is submitted (with respect to subsequent reports). The holdings report must contain at least the following information:

- the title and type of security, the ticker symbol or cusip number, as applicable, and the number of shares and principal amount of each reportable security<sup>48</sup> in which the access person has any direct or indirect beneficial ownership; and
- the name of the broker, dealer or bank with which the access person maintains an account in which any securities are held for the access person's direct or indirect benefit; and
- the date the report is submitted.

Access Persons shall annually submit to the Compliance Officer an updated statement, which must be current as of a date no more than 45 days prior to the date the report was submitted. The transactions reported on the Broker's Confirmations will be reviewed and compared against client transactions.

## **Item 12      Brokerage Practices**

### Brokers

San Juan Asset Management, Inc. has a duty to obtain "best execution" for its advisory clients' securities transactions. To fulfill this obligation, SJAM generally must execute securities transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. The SEC has stated that in deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. In seeking best execution, SJAM will consider the full range of the broker's services, including the value of research provided and execution capability, commission rate, financial responsibility and responsiveness. The SEC has, however, indicated that an investment manager need not solicit competitive bids on each transaction.

SJAM's clients generally authorize us to select brokers to effect transactions on their behalf. SJAM has established general criteria to determine which brokers are qualified to provide brokerage services to its clients, and considers, among others, the following relevant factors:

- financial stability of the broker;

- the actual executed price of the security and the broker's commission rates;
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities;
- the size and type of the transaction;
- the difficulty of execution and the ability to handle difficult trades;
- the operational facilities of the brokers and/or dealers involved (including back office efficiency); and
- the ability to handle a block order for securities and distribution capabilities.

#### Directed Brokerage

Certain SJAM clients may direct us to execute all or a portion of the transactions for such client's account through a specific broker, in return for such broker providing the client with various services. This direction restricts SJAM's discretion to select brokers and negotiate commission rates and may adversely affect the ability to obtain best price and execution. Accordingly, when a client directs brokerage to a specific broker, SJAM requires that (i) the client provides such direction in writing and (ii) SJAM provide the client with appropriate written disclosure, which will be acknowledged by the client.

SJAM will make appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that SJAM otherwise would have in selecting brokers to effect transactions and in negotiating commissions. In addition, SJAM will inform the client in writing that its orders may not be aggregated with other orders and that direction may hinder best execution.

#### Aggregate Orders

SJAM may aggregate orders for its client accounts for trade execution with the same broker. When trades are aggregated, each participating account will be allocated securities on an average price basis. It is San Juan Asset Management's basic policy that no client for whom San Juan Asset Management has investment decision responsibility shall receive preferential treatment over any other client. In allocating securities among clients, it is San Juan Asset Management's policy that all clients should be treated fairly and that, to the extent possible, all clients should receive equivalent treatment.

Because of the difference in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may, however, be differences among clients in invested positions and securities held. The following factors may be taken into account by San Juan Asset Management in allocating securities among investment advisory clients:



- client's investment objective and strategies;
- client's risk profile;
- client's tax status;
- any restrictions placed on a client's portfolio by the client or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended);
- size of client account;
- total portfolio invested position;
- nature of the security to be allocated;
- size of available position;
- supply or demand for a security at a given price level;
- current market conditions;
- Timing of cash flows and account liquidity;
- any other information determined to be relevant to the fair allocation of securities.

Allocations will be determined at the time of placing the orders and recorded on blotters.

#### Soft Dollar

San Juan Asset Management may use "soft dollars" for research and other products that provide lawful and appropriate assistance to the Adviser in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934 as well as to pay certain client expenses or expenses of the Adviser.

All requests for payment with soft dollars must be approved by the Compliance Officer and Senior Trader using the "Soft Dollar Request Form". A brief description of the purpose of the payment should be included. Any contracts or other written agreements related to such requests should be attached to the Form and forwarded to the Compliance Officer. The Compliance Officer will determine whether the service may be paid with soft dollars. The Compliance Officer will consult with the Senior Trader, regarding the capabilities of relevant brokers. The Compliance Officer will review the contracts and, if the service is approved, will return a signed copy of the Form to the person requesting the service. The Compliance Officer will be responsible for ensuring that appropriate documentation is obtained and attached to the contract, as needed.

A number of criteria are to be considered in approving soft dollar allocations, including the broker-dealer's business reputation and financial position and its ability to consistently execute orders professionally and on a cost effective basis, provide prompt and accurate execution reports, prepare timely and accurate confirms, deliver securities or cash proceeds promptly and provide meaningful research services that are useful to SJAM in investment decision-making or other desired and appropriate services. As a fiduciary, SJAM has an obligation to obtain "best execution" of clients' transactions under the circumstances of the

particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e), no allocation for soft dollar payments shall be made unless best execution of the transaction is reasonably expected to be obtained.

As of December 31, 2010 SJAM has one soft dollar agreement in place which provides SJAM with company, industry and country research, market data, and security and risk analysis among other products that benefits all clients of SJAM. These products obtained through the use of soft dollars originate from both proprietary (broker) and third party sources. As this broker charges the lowest commission rate among the brokers that SJAM utilizes, a conflict of interest does not exist. SJAM receives a benefit because it does not have to produce or pay for the research, products or services.

### **ITEM 13      Review of Accounts**

Client accounts will be reviewed on a periodic basis to determine whether the account is being managed in a manner that is consistent with the client's investment objectives, guidelines and/or restrictions, as communicated to SJAM.

San Juan Asset Management also reviews client accounts to assure that client accounts are not over-traded to generate increased commissions and to review allocations of new issues periodically to ensure that they are being allocated among all eligible accounts in an equitable manner.

The supervised person who conducts the review is Yaribell Toledo who is the Compliance and Operations Officer.

SJAM on a monthly basis sends a written report to clients with a summary of accounts value. There are also other reports sent to clients which includes quarterly reports or ad hoc reports requested by clients. All reports are generally sent via email and in some cases via regular mail.

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

Rule 206(4)-3 of the Advisers Act prohibits advisers from making cash payments to solicitors (i.e., finders) for client referrals unless certain conditions are met. A registered investment adviser may pay cash fees to solicitors if:

- the solicitor has not been subject to sanctions by the SEC under provisions of the Advisers Act; and
- there is a written agreement between the adviser and solicitor containing certain enumerated terms.

Generally, the written agreement is required to describe the solicitation activity as well as the compensation to be received. It must also include an undertaking by the solicitor to perform its duties in accordance with the adviser's instructions and the provisions of the Advisers Act. Finally, the solicitor must provide the client with (i) a current copy of the adviser's "brochure" or Part II of Form ADV, and (ii) a separate written solicitor's disclosure document. The solicitor's disclosure document must include, among other things:

- the names of the solicitor and adviser;
- the nature of their relationship;
- a statement that the solicitor will be compensated by the adviser;
- the terms of compensation;
- the amount, if any, the client will be charged above the advisory fee; and
- the difference, if any, among clients with respect to the amount of advisory fee charged, if that difference is attributable to the solicitation compensation agreement.

When the adviser enters into an agreement with the client, the adviser must receive and maintain for its records a copy of a signed and dated acknowledgment of receipt by the client of the adviser's brochure and the solicitor's disclosure document.

As of December 31, 2010 SJAM has no agreement with any third party regarding client referrals nor provides investment advice to any individual or entity which is not a client.

## **Item 15      Custody**

A qualified custodian maintains custody of all global equities on behalf of SJAM's clients. For all separate accounts clients receive account statements on a monthly and quarterly basis and are advised to review those statements. For the Global Opportunities Capital Appreciation Fund, SJAM maintains custody of certain capital leases, the amounts of which are \$548,308 as of December 31, 2010. This fund is audited by an independent Certified Public Accountants.

## **Item 16      Investment Discretion**

Clients may seek to limit or restrict SJAM's discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Clients may seek to limit SJAM's authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing, and should contain a representation from the client that the arrangement is permissible under its governing laws and documents. Additionally, certain clients may restrict SJAM from purchasing certain securities from certain countries or companies that they may not deem to be socially responsible in their business activities. In this instance a "restricted list" of securities is compiled and distributed to the various portfolio managers as well as reviewed by the Compliance Officer to assure adherence.

## **Item 17      Voting Client Securities**

Rule 206(4)-6 under the Advisers Act requires an adviser with voting authority over client proxies to adopt proxy voting policies and procedures, including procedures to address material conflicts of interests, and to disclose such procedures and its specific voting history to clients. The Rule does not apply to advisers whose clients retain voting authority, smaller investment advisers who are registered with state securities authorities,<sup>49</sup> or investment advisers who are not required to register under the Advisers Act.

The Rule also specifically requires that the procedures address material conflicts that may arise between an adviser or its affiliates and its clients (such as when the adviser has business or personal relationships with participants in proxy contests, corporate directors or candidates for directorship). The SEC noted that a policy of disclosing conflicts to a client and obtaining direction from the client on how to vote would satisfy the requirement of the Rule (although certain additional consideration should be given to this alternative in the case of employee benefit plan clients). Otherwise, the adviser must be able to demonstrate that its vote was based on the client's best interest and not on the interests of the adviser. Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When the Adviser has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures.

### **Procedures**

- (a) All proxies received by San Juan Asset Management will be sent to the Compliance Officer. The Compliance Officer will:
- (i) Keep a record of each proxy received;
  - (ii) The Compliance Department will forward the proxy to the analyst responsible for the security to which the proxy relates.
  - (iii) The Compliance Department will determine which accounts managed by San Juan Asset Management hold the security to which the proxy relates;
  - (iv) The Compliance Department will provide the trader/analyst with a list of accounts that hold the security, together with the number of votes each account controls (reconciling any duplications), and the date by which San Juan Asset Management must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer prior to the vote taking place.
  - (v) Absent material conflicts (see Section IV), the trader/analyst will determine how San Juan Asset Management should vote the proxy. The trader/analyst will send his decision on how San Juan Asset Management will vote a proxy to the Compliance Department. The Compliance Officer is responsible for ensuring the timely and appropriate completion and submission of the proxy.
  - (vi) San Juan Asset Management may retain a third party to assist it in coordinating and voting proxies with respect to client securities. If so, the Compliance Officer will monitor the third party to assure that all proxies are being properly voted and appropriate records are being retained.

### Voting Guidelines

In the absence of specific voting guidelines from the client, San Juan Asset Management will vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. San Juan Asset Management believes that voting proxies in accordance with the following guidelines is in the best interests of its clients.

- Generally, San Juan Asset Management will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

- Generally, San Juan Asset Management will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, San Juan Asset Management shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- (i) whether the proposal was recommended by management and San Juan Asset Management's opinion of management;
- (i) whether the proposal acts to entrench existing management; and
- (ii) whether the proposal fairly compensates management for past and future performance.

#### Conflicts of Interest

- (i) The Compliance Officer will identify any conflicts that exist between the interests of San Juan Asset Management and its clients. This examination will include a review of the relationship of San Juan Asset Management and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of SJAM or an affiliate of SJAM or has some other relationship with SJAM or a client of SJAM.
- (ii) If a material conflict exists, SJAM will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client. SJAM will also determine whether it is appropriate to disclose the conflict to the affected clients and, except in the case of clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), give the clients the opportunity to vote their proxies themselves. In the case of ERISA clients, (i) if the Investment Management Agreement reserves to the ERISA client the authority to vote proxies when SJAM determines it has a material conflict that affects its best judgment as an ERISA fiduciary, SJAM will give the ERISA client the opportunity to vote the proxies themselves and (ii) if the Investment Management Agreement does not reserve to the ERISA client the authority to vote proxies in such instance, SJAM shall consult with counsel regarding the procedures to be followed in connection with voting the particular proxies which may include further communications with the affected

clients, retaining an independent third party to vote the proxy or establishing special ERISA proxy voting procedures with a voting policy that eliminates discretion of SJAM when voting proxies if such a conflict exists.

#### DISCLOSURE

- (i) Clients of SJAM may contact the Chief Compliance Officer, via e-mail or telephone in order to obtain information on how SJAM voted such client's proxies, and to request a copy of these policies and procedures. If a client requests this information, the Chief Compliance Officer will prepare a written response to the client that lists, with respect to each voted proxy that the client has inquired about, (1) the name of the issuer; (2) the proposal voted upon and (3) how SJAM voted the client's proxy.

#### RECORDKEEPING

The Compliance Officer will maintain files relating to SJAM's proxy voting procedures in an easily accessible place. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in the offices of San Juan Asset Management. Records of the following will be included in the files:

- (i) Copies of these proxy voting policies and procedures, and any amendments thereto.
- (ii) A copy of each proxy statement that San Juan Asset Management receives provided however that SJAM may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are so available.
- (iii) A record of each vote that SJAM casts.
- (iv) A copy of any document SJAM created that was material to making a decision how to vote proxies, or that memorializes that decision.
- (v) Documentation regarding the basis of each vote that was inconsistent with these proxy voting policies and procedures.
- (vi) A copy of each written client request for information on how SJAM voted such client's proxies, and a copy of any written response to any (written or oral) client request for information on how San Juan Asset Management voted its proxies.

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

San Juan Asset Management, Inc. requires some clients to prepay its fees 3 months in advance. Therefore SJAM sends the clients its audited balance sheet showing the assets and liabilities at the end of its most recent fiscal year. SJAM's financial condition meets contractual commitments to clients. There have been no bankruptcy petitions.

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

Not applicable