

Item 1 Cover Page

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Itaú International Securities Inc. If you have any questions about the contents of this brochure, please contact us at 305-416-7813 or Sara.Gaitan@itau.us. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

Item 2 Material Changes

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

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

No material changes have occurred since our last Brochure filing dated December 14, 2017.

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Item 4 Advisory Business

Itaú International Securities Inc. (hereinafter “IIS” or “firm” or “we”) is an SEC-registered investment adviser with its principal place of business located in Miami, Florida. IIS has been conducting business as a broker-dealer since 2008 and will begin conducting business as an investment adviser in 2017.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of IIS):

- Itaú BBA International PLC, Direct Owner

In addition, the following information identifies individuals and/or intermediate subsidiaries that indirectly own 25% or more of IIS:

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

Itaú International Securities Inc. offers the following advisory services to our clients:

Family Office Services

We offer Family Office Services to high net worth individuals and families to assist in achieving the goal of a lasting legacy for future generations. Family Office Services are structured to offer an integrated, interdisciplinary approach to aggregating and focusing family resources and values to facilitate a common interest in asset protection, cost control, financial education, and philanthropy, among others. Our Family Office Services provide family-specific, custom solutions and relationship management. As needed, services provided through our Family Office Services may include, but are not limited to:

Family Wealth Consultation – We offer clients comprehensive and ongoing consultation services relating broadly to family governance, financial and investment education, risk management, philanthropy coordination, and succession planning. Through Family Wealth Consultation, we seek to assist clients to realize and fully exploit the value of the family's human, intellectual, structural, philanthropic, financial, and family capital. Services focus on strategic planning, trouble-shooting, facilitation, consulting and advising on a project and/or retainer, or board-level basis:

- *Family legacy and stewardship* – values, governance, responsible ownership
- *Family dynamics and organization* – relationship management and organizational

structures such as family councils and private family trust companies

- *Family office* – establishment and organization, trouble-shooting, family option analysis, and best practices
- *Multi-family office* - establishment and organization, trouble-shooting, family option analysis and best practices
- *Investment Consultation* – advisory role, aimed at enabling families to make prudent decisions on both providers and products, draft investment policy statements and suggest asset allocation, manage risk, monitor relationships, and explain offerings and results – international experience significant.
- *Administration* – advisory role, aimed at enabling families to coordinate and find solutions to a variety of issues including custody, reporting, etc.
- *Interdisciplinary networking/outsourcing* – advice and suggestions regarding specialists.

If requested by the client, we may provide consolidated account reporting services and serve as the client's account liaison with applicable custodians and/or third-party managers.

Through our Family Office Services, we assist families to define legacy goals and design a long-range plan to maximize the probability of achieving those goals.

Investment Management Services

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a non-discretionary basis. Non-discretionary management means we require the Client's prior written or oral approval before directing the investment and reinvestment of the assets in a Client's account in securities and cash or cash equivalents. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

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

- Exchange-listed securities, including ETFs
- Equities and Fixed Income
- Foreign issuers

- Bonds
- Certificates of deposit and Structured Notes
- Mutual funds; Fund of Mutual Funds
- Interests in partnerships investing in real estate
- Interests in partnership investing in emerging markets
- Hedge funds; Fund of Hedge Funds

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

PARTICIPATION IN WRAP FEE PROGRAMS

We also offer non-discretionary portfolio management services to clients as the sponsor and portfolio manager of the All-In Fee program, a wrap fee program. A wrap fee program is an investment management program that provides the client with advisory and brokerage execution services for an inclusive fee which incorporates charges for advisory services, custody, clearing, transaction execution and account reporting. For more information regarding the Program, including the fee schedule and other important considerations, clients should refer to Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure. To participate in the All-In Fee program, we require a minimum investment of \$1,000,000.

ASSETS UNDER MANAGEMENT

As of May 17, 2018, we managed approximately \$105,231,300 of assets under management ("AUM") on a non-discretionary basis. We do not manage client assets on a discretionary basis. Our assets under management will be calculated and updated within 90 days after our fiscal year end.

Item 5 Fees and Compensation

Family Office Services Fees

Family Wealth Consultation – Our annual fee is based upon a percentage of assets under management and generally ranges between 0.25% and 1.00%.

A performance-based fee may be negotiated with the client based upon the particular arrangement with the client. Not all clients will pay a performance-based fee. Our performance-based fee schedule is based on a percentage of assets under management (ranging from 0.25% - 0.50% annually) plus 10% of net return over 3 month LIBOR.

The fees charged for this service will be determined by the client's individual circumstances and will never exceed 25% of the account's performance above an appropriate index. The actual

fees are disclosed to the client before entering into this type of arrangement and are detailed in the client's Investment Advisory Agreement. The percentage of assets under management is billed quarterly, in arrears.

The client must understand the proposed method of compensation and its risks prior to entering into the contract. Accordingly, clients paying performance-based fees are directed to the "Performance-Based Fees" section (Item 6) below for more comprehensive disclosures, including potential conflicts of interest resulting from this type of compensation.

To qualify for this type of fee schedule, a client must either demonstrate a net worth of at least \$2,100,000 or must have at least \$1,000,000 under management.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was previously assessed by our firm.

In measuring the client's assets for the calculation of performance-based fees, we shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period.

The performance-based fee may create an incentive for IIS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF REG. 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

A minimum of USD125MM (BRL400MM) of assets under management is required for this service.

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

Investment Management Services

Our annual fee for Investment Supervisory Services will not exceed 10% of net return over 3 month LIBOR. We negotiate fees with our clients individually. Fees paid by clients vary based on the type of advice provided and other factors, such as the size of the account (including the

aggregate size of multiple accounts for the same client or related clients), the investment strategy, the relationship with the client and the required level of service. Since fees are negotiable, clients with similar investment objectives or strategies may pay different fees. The agreed-upon fee will be specified in the Investment Advisory Agreement.

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

GENERAL INFORMATION

Limited Negotiability of Advisory Fees: Although we have established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

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

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

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

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio

transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, certain family office clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

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

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

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

Performance-Based Fees

As we disclosed in Item 5 of this Brochure, our firm may accept a performance-based fee from certain clients. Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client must either demonstrate a net worth of at least \$2,100,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Side-By-Side Management

As we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to clients and prospective clients the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some clients than others;
2. We collect, maintain and document accurate, complete and relevant investor background information to ensure that clients that pay a performance-based fee meet the qualification criteria described above;
3. We have implemented written policies and procedures for fair and consistent allocation of investment opportunities subject to the client's underlying strategy, cash availability, and other appropriate considerations; and
4. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Item 7 Types of Clients

We provide advisory services to the following types of clients:

- High net worth individuals
- Pooled investment vehicles

As previously disclosed in Item 5, our firm requires a minimum of USD125MM (BRL400MM) of assets under management for Family Office Services.

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

METHODS OF ANALYSIS

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

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

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

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

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

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

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

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

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

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

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

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

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability

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

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

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

INVESTMENT STRATEGIES

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

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

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

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

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

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are

then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

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

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

The two types of options are calls and puts:

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

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

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

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

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

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

- *People.* Hedge fund managers tend to rely more on the expertise of particular individuals within the manager than certain other investment firms. Offshore mutual funds may also rely on the expertise of particular individuals. For these reasons, an event that affects a key person, or the departure of a key person, can have a significant effect on the performance of the hedge fund or offshore mutual fund. Such an event or departure can also cause a strong reaction by fund investors, who may seek an exit from the fund or other extraordinary action that could have an adverse effect on any of the Firm's clients that continue to hold an interest in such a fund.
- *Processes.* A fund manager's processes may be less rigorous or subject to fewer checks and balances within the organization than certain other asset managers. The Firm's clients could be adversely affected by a fund manager that does not consistently act in a manner expected by the Firm.
- *Valuation Control.* Valuation is often difficult to determine in a precise and objective manner.

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

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

borrowers (including issuers of notes or other debt), and derivatives counterparties. Should such counterparty fail to meet its obligations to a fund, the Firm's clients would generally indirectly suffer any losses incurred by the fund, and contractual and other legal remedies may be limited or inadequate.

Hedge fund interests are generally illiquid and permit redemptions only infrequently. Investors in hedge funds often have no or limited voting rights. Such investors may be subject to significant levels of fees and expenses. Other investors may be party to side letters with a hedge fund manager that provides the investor favorable rights or terms as compared with those of a Firm client, including with respect to fees, liquidity or transparency of information.

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

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

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

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

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

Item 10 Other Financial Industry Activities and Affiliations

In addition to IIS being a registered investment adviser, our firm is a registered broker-dealer with the SEC and a member of FINRA. Our firm is part of the Itau Unibanco conglomerate, a large financial services conglomerate headquartered in Brazil that has numerous affiliates engaged in financial services activities. A list of the financial industry affiliates we have business arrangements with is disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be

accessed by following the directions provided on the Cover Page of this Firm Brochure. Our firm also has certain U.S. and non-U.S. affiliated investment advisory or other financial entities that have no interaction or arrangements with our firm.

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

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

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

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

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

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

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

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

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

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

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

Recommendations of Securities to Clients

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

Personal Trading

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

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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

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

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives under our firm's broker-dealer registration. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Our firm does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct IIS as to the broker-dealer to be used. In directing the use of a broker-dealer, it should be understood that we will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. We reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

Recommending Brokers

In the event that a client requests that we recommend a broker-dealer for execution and/or custodial services, we will recommend Pershing, LLC ("Pershing"). We have chosen to establish a relationship with Pershing based upon their financial strength, reputation, execution capabilities, pricing, research and service and recommends their use to clients based upon these factors, consistent with IIS's fiduciary obligations, including the duty to seek best execution.

Although IIS has found the use of Pershing to be consistent with its obligation to seek best execution and that the fees (including but not limited to commissions and/or transaction fees) charged is reasonable in relation to the value of the brokerage and research services provided, a client may nonetheless pay a fee for services that is higher than another qualified broker/dealer might charge to effect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and the benefit to all clients.

Research and Other Benefits to IIS

Although not a material consideration when determining whether to recommend that a client utilize the services of Pershing, IIS may receive from Pershing certain support services or products, without cost or at a discount, that assist IIS in monitoring and/or servicing client accounts. These services may include investment-related research, pricing information and market data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and/or educational or social events, marketing support, computer hardware and/or software and/or other products and services used by, or useful to, IIS in providing investment advisory services to its clients.

As noted above, the use of IIS's recommended custodian (Pershing) may cause a client to pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction. Nevertheless, in connection with evaluating the fees and services offered by its recommended custodians, IIS has determined in good faith that the commissions and other fees charged by each are reasonable in relation to the value of the brokerage and research services received.

Through Pershing, IIS receives direct access to real-time client account information, electronic download of trades, balances and positions, and the ability to direct Pershing to directly debit client advisory fees. IIS also receives software and support services, including reductions in seminar and conference fees from Pershing.

These services provided to IIS are not contingent upon any specific amount of business (assets or trading).

IIS's participation in these arrangements may raise potential conflicts of interest. Pershing provides IIS with benefits it may not receive from other firms in terms of pricing and services. They also make available services or funding intended to help IIS manage and further develop its business enterprise. These services may include consulting, transition support, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to IIS by independent third parties. Pershing may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to IIS. This may create a potential conflict of interest.

Considerations Relevant to the Selection of a Specific Recommended Custodian

As noted, IIS generally recommends Pershing as custodian. Pershing is a member of FINRA and the Securities Investor Protection Corporation (SIPC), and is a registered broker-dealer. Pershing maintains custody of clients' assets and effects trades in client accounts. IIS is independently owned and operated and not affiliated with Pershing.

In recommending Pershing, IIS has evaluated Pershing and determined that they offer IIS's clients an excellent blend of service, financial strength, competitive commission rates, and access to mutual funds otherwise not available to IIS or its clients, among other factors. Pershing provides IIS with access to institutional trading and custody services, which are typically not available to retail investors, as well as other products and services identified in this Section of the Brochure.

Trade Aggregation

As a matter of policy and practice, our firm does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 Review of Accounts

Family Office Services

Reviews: Family Office clients' investment accounts will be reviewed as contracted for at the inception of the advisory service, typically at least quarterly. All reviews are conducted by Guilherme Vilhena, International Family Office Analyst and Victor Mecozzi, International Family Office Analyst.

Reports: In general, we will provide regular reports to Family Office clients regarding any issues relating to the areas engaged for consultation.

Investment Management Services

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

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

Investment Strategy Committee.

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

Item 14 Client Referrals and Other Compensation

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

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

Item 15 Custody

We have limited custody of client assets as a result of our firm directly debiting advisory fees from client accounts. Fees are debited from client accounts in accordance with the client authorization in the Investment Advisory Agreement.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16 Investment Discretion

As previously disclosed in Item 4 of this brochure, our firm does not provide discretionary asset management services; we manage client assets only on a non-discretionary basis. Therefore, we will obtain the client's approval before executing transactions in the client's account.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative

to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

Item 18 Financial Information

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

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