



REGISTERED INVESTMENT ADVISER

**Form ADV Part II - Disclosure Brochure**

**September 23, 2011**

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This Brochure provides information about the qualifications and business practices of **LATIN CAPITAL MARKET** ["Latin Capital Management, LLC", "LCM", "and ADVISER"]. If you have any questions about the contents of this Brochure, visit our web site at:

<http://www.latincapital.us>

For a more immediate response contact Rudolph A. Martin at 1-617-869-4992.

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.

**LATIN CAPITAL MARKET** is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about **LATIN CAPITAL MARKET** is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Latin Capital Market is 155654.

## **Item 2 – Material Changes**

This initial Brochure is dated September 23, 2011 and filed annually. Any material changes in this document will be noted here below in later versions.

**Please retain a copy of this brochure for your records**  
**LCM – September 23, 2011**

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## Item 4 – Advisory Business

**LATIN CAPITAL MANAGEMENT, LLC** is wholly owned by Latin Capital Market, Inc. which is a private corporation formed under the laws of the State of Florida and 100% owned by Rudolph A. Martin. **LCM** has been providing advisory services to institutional investors since October of 2007.

Rudy Martin is a 29-year veteran institutional analyst and portfolio manager for large well-known investment firms. He started **LCM** to fill the gap for investment and research services covering companies with significant business in the fast-growing emerging markets like Brazil, Russia, India, China and South Africa.

Our team is headed by the following.

### Principal Executive and Advisory Team

Rudolph A. Martin, President, Director of Research, Senior Portfolio Manager  
Richard A. Widows, Chief Compliance Officer, Senior Analyst, Portfolio Manager  
Gerald L. Serrano, Corporate Secretary-Treasurer

*Descriptions of the educational backgrounds and employment histories of LCM's key officers and advisory team appear at the end of this brochure.*

### Assets Under Management

As of September 23, 2011 **LCM** managed approximately \$180,000,000 for a limited number of institutional clients.

### About Our Advisory Services Generally

#### **LCM Professional Asset Management (PAM)**

PAM is a custom investment advisory consulting service for investment companies, registered investment advisors and other professional investors. This service is designed for clients who embrace the longer term attractiveness and growth potential of emerging market asset management but who do not wish to fully manage their own equity portfolios.

PAM clients receive the following:

- Development of a client-specific investment plan. **LCM** makes investment recommendations in accordance with each client's objectives, risk tolerance and financial circumstances. Initial recommendation of investment vehicles and overall asset allocation is established at the onset of the relationship.

- Ongoing advice regarding the investment vehicles and asset allocation is provided no less than weekly, including recommendations as to new investments to explore and specific securities selections.
- Access to **LCM** Research reports on relevant securities and investor meeting events.

This service is further defined in the customized Investment Advisory Consulting Agreement which details a) whether the decision to implement such recommendations is up to the client, b) which brokers and/or custodians are selected, and c) any other client investing, reporting or process considerations.

For some clients interested in structured, passive asset allocation, **LCM** may utilize one of its proprietary stock models for initially selecting investments that maximize portfolio returns and minimize costs. These models cover a range of geographic, sector and style specialties, with a focus on the emerging markets.

## **LCM Research**

**LCM Basic Equity Research** provides real-time trading ideas, custom studies, stock indexes, fundamental research support services concerning particular industry sectors and companies for professional investors interested in emerging markets. These might commonly be termed “fundamental securities analysis.” This data or informational materials may be inputs to the portfolio management process of clients and not intended to be complete or adequate for making investment decisions.

Portfolio managers and analysts may opt to receive **LCM Basic Equity Research** via various third-party institutional research distributors to facilitate implementation of trading ideas.

**Latin Capital Market Stock Index** lists U.S.-traded stocks and American Depositary Receipts (ADRs) with significant revenues from Latin American and U.S. Hispanic customers. To be included in this proprietary equal-weighted index a company must have at least 15% of its revenues coming from these markets. This unique benchmark tracks a diverse block of companies which are expected to dominate Latin American and U.S. Hispanic business markets in the coming decade. Data for this product is distributed through third-party financial index data providers.

**Latin Stock Investing** reports weekly on major economic trends and implications for investors. Each edition of *Latin Stock Investing* contains three model portfolios of U.S.-traded ADRs and Exchange-traded Funds (ETFs).

- “LSI Growth” - The core model portfolio contains emerging market growth stocks for longer term capital appreciation with a 12-18 month time horizon.

This growth-focused model contains 10-15 securities from the Latin Capital Market Stock Index.

- “LSI Dividend” - This model portfolio's primary objective is to seek total return from both dividends and capital appreciation. Though Latin American ADRs have less frequent dividend payments than U.S. stocks, they sometimes provide relatively higher dividend yields to partially offset this risk. The LSI Dividend portfolio consists of an equal-weighted basket of 10-15 large Latin American-based Depository Receipts. These securities are selected from the Latin Capital Market Stock Index too.
- “LSI Exchange-Traded Funds” - This model portfolio's primary objective is to maximize the total return by investing in exchange-traded funds which are representative of the major themes discussed in LCM publications. These are normally country, currency or sector specific specialty funds. This model portfolio contains 3-5 suggested positions at all times.

These are examples of some of LCM's model portfolios rather than actual investments. As such, the returns illustrated for these are theoretical and do not include commissions and other expenses. These theoretical returns are not representative of what you should expect due to timing and other real trade execution differences.

Recommendations in these and other publications are of a more general nature and are not intended as client-specific recommendations.

## **Item 5 – Fees and Compensation**

### Advisory Services

All fees are subject to negotiation and vary based on client requirements.

The specific manner in which fees are charged by LCM is established in a client's written agreement. LCM will generally bill its fees on a quarterly basis in arrears.

The client may terminate the Agreement for any reason upon thirty day's notice prior to the end of an annual renewal period. Adviser may terminate the Agreement at any time and for any reason or no reason.

LCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales

charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

### Research Support Services

The standard charge for **LCM Basic Equity Research** is fixed for the first year and may be increased annually thereafter by giving thirty (30) day's notice prior to the renewal date.

- “Full Service” clients will be entitled to **LCM** written stock research reports, real-time trading alerts, market surveys and special events. This is a real-time performance-based service and payment for is based on the formula calculations agreed to between the institutional client and **LCM**.
- “Read Only” clients will be entitled to **LCM**'s written stock research reports by email or other website access for an annual charge of \$20,000 plus \$5,000 for each additional name to receive these.

Clients may pay for these consulting services via hard-dollar monthly fees (billed quarterly) or through soft-dollar commissions generated by designated third-party broker/dealers.

**LCM's** fees are also exclusive of any required technology-related or other subscription expenses from independent third-party providers to receive and implement time-sensitive trade ideas from **LCM**.

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

In measuring clients' assets for the calculation of performance-based fees, **LCM** will include realized and unrealized capital gains and losses.

In addition to its professional investors, **LCM** may enter into performance fee arrangements with a few qualified clients where such fees are also subject to individualized negotiation with each particular client. For these accounts, **LCM** will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3.

LCM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.

## **Item 7 – Types of Clients**

LCM provides institutional portfolio management and research services primarily to registered advisers, investment companies, hedge funds, and other institutional investors.

This brochure is designed solely to provide information about LCM and should not be considered to be an offer of interests in any fund or investment vehicle in which LCM may become associated with or any fund or other investment which any LCM client is an adviser or sub-adviser of.

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

Our mission is to deliver profitable trading recommendations and portfolios that invest in the world's fastest growing emerging market economies and key U.S. sectors.

The research team includes seasoned analysts, financial experts and technologists who contribute to the LatCAPM Method, an innovative research process.

The LatCAPM Method utilizes dynamic asset allocation models.

Our team follows a five-part fundamental research strategy that was developed over decades of experience making investment recommendations for the world's top investment managers. Our process can be defined as follows.

1. Identify the most attractive emerging market economies, focusing on those with the strongest combination of political stability and future economic growth.
2. Determine the optimum sectors or companies, that are most likely to a) be the drivers for sustained growth and b) attract investment capital.
3. Select the most liquid and cost-efficient investment vehicles. While our focus on emerging markets leads us to foreign markets, the bulk of the securities we select are traded on U.S. exchanges. Our investment recommendations include ADRs, and to a smaller extent other U.S.-domiciled companies.



ADRs are the bulk of the recommendations in this service. An American Depositary Receipt (ADR) is a security that represents ownership of shares of a foreign company. When you buy an ADR, you technically don't own the foreign stock directly. Instead, you own a piece of paper that entitles you to one or more shares of a foreign stock being held on your behalf at a depositary bank.

- The advantages of ADRs include: a) ADRs can be bought and sold just like shares of IBM or Coca-Cola. b) You don't need a foreign brokerage account or a new broker; you can use the same broker that you normally deal with; c) Prices for ADRs are quoted in U.S. dollars, and dividends are paid in dollars; d) ADRs trade during U.S. market hours and are subject to similar clearing and settlement procedures as American stocks.
- Disadvantages of ADRs are: a) Limited selection, since not all foreign companies are available as ADRs. b) Liquidity, while many companies have ADR programs available, but some may be very thinly traded.

Basically, ADRs are normally available for the larger, more financially viable stocks in major international markets.

4. Consider both income and capital appreciation goals. The return numbers used in this service are total return, which includes both stock gains and dividends received. This cash-flow centric approach provides a discipline we use to generate BUY and SELL ideas, especially for the model Dividend portfolios.
5. Incorporate non-systematic factors into the review. LCM research analysts are trained to spot discontinuities in data and a particular company's business outlooks. They frequently talk with company managements and that of competitors. The combination of quantitative discipline along with a fundamental analyst's insight and overview define the LatCAPM method and ultimate investment recommendations.

While our advisory staff has decades of experience, investing in securities involves risk of loss that clients should be prepared to bear.

Advice offered by LCM may also involve investment in mutual funds or ETFs. Clients are hereby advised that all fees paid to LCM for investment advisory services are separate and distinct from the fees and expenses charged by ETFs and/or mutual funds (described in each fund's prospectus) to their shareholders. These fees generally include a management fee and other fund expenses. Further, clients may

incur transaction charges involved with purchasing or selling securities. LCM does not share in any portion of the brokerage fees/transactions charges imposed by the custodian that holds clients funds or securities. Clients should review all fees charged by mutual funds, LCM and others to fully understand the total amount of fees to be paid.

#### *Sources of Information*

In conducting analysis of securities, LCM uses a number of tools including custom market surveys, Infiniti's online valuation service, Bloomberg Professional and other proprietary screening and filtering software programs. Other sources include commercially available software technology, securities-rating services, financial newspapers, mutual fund reports, prospectuses, financial and trade magazines, SEC filings, and financial statements. Management interviews are also a key resource utilized to generate the final conclusions. In certain cases, LCM may also use outside consultants to provide expertise or additional assistance in particular areas of information or analysis.

#### *Education and Business Standard*

Investment decision-makers are required to have completed college education in addition to significant work experience. In addition, all personnel providing investment advice are required to have financial, analytical or portfolio management experience. LCM investment personnel are expected to have passed or be making progress toward passing the Uniform Investment Adviser (Series 65) Examination or other relevant, required securities examinations.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of LCM or the integrity of LCM's management. LCM has no information applicable to this Item.

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

LCM is not registered (nor does it have any applications pending) as a securities broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, municipal or government securities dealer or broker.

### *Competing Time Demands*

LCM and its principals may have business relationships outside of the client network for institutions such as corporations that are not investment managers. LCM and its principals may accept special non-client studies, industrial consulting projects, advisories, directorships, speaking, writing and other engagements.

## **Item 11 – Code of Ethics, Participation in Client Transactions, Personal Trading and Privacy Policy**

### *Code of Ethics, Participation in Client Transactions and Personal Trading*

LCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at LCM must acknowledge the terms of the Code of Ethics annually, or as amended.

LCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which LCM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which LCM its affiliates and/or clients, directly or indirectly, have a position of interest. LCM's employees and persons associated with LCM are required to follow LCM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of LCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for LCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of LCM 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. The Code restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Latin Capital Market and its clients.

LCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Richard Widows, Chief Compliance Officer.

#### *Privacy Policy*

LCM will not have access to any item of information concerning the investors in or total portfolios of client institutions. As such, LCM and client agree that LCM will not be provided or given access to investor names, financial information, social security numbers, personal data, etc. Client agrees that it possesses adequate safeguards to protect the privacy of its investors and that it will not divulge any personal data or internal trading activity information under any circumstance to LCM.

#### **Item 12 – Brokerage Practices**

Clients are free to select their own brokers and/or custodians. Depending on the terms of the client agreement with LCM, the Adviser may be given client consent before effecting certain transactions in their account.

#### **Item 13 – Review of Accounts**

Holdings across client accounts are continuously reviewed. An account-by-account review is conducted at least quarterly, or more frequently as necessary, to respond to significant changes in economic or market conditions or a client's informing LCM of changes in the client's financial circumstances or investment objectives.

The following executives within LCM are involved in the client review process; Rudolph A. Martin and Richard Widows. For relevant reviewer background see information on each at the end of this brochure.

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

LCM does not provide or accept compensation from any person or entity for client referrals.

#### **Item 15 – Custody**

LCM does not accept custody of client securities. LCM cannot withdraw, transfer, or otherwise move funds or cash from any client account to its accounts or the account of a third party. This is for the safety of client assets.

With written consent LCM may be granted authority to electronically deduct its quarterly management fee from a client's account. This process is generally more efficient for the client, and there may be tax benefits for the client when fees are paid from certain tax-deferred accounts.

All our investment management clients receive account statements directly from qualified, third-party custodians; the bank or broker-dealer that maintains each client's assets. We encourage clients to carefully review these account statements and compare them to the quarterly reports provided by LCM. This review will help clients ensure that all account transactions, including deductions for management fees, remain proper. Clients are welcome to contact us with any questions or concerns, and should notify us immediately if they find a discrepancy in their statements.

Clients are free to select their own brokers and custodians. Depending on the terms of a client's agreement with LCM, the Adviser may be given client consent before effecting certain transactions in their account.

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

LCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

LCM observes the investment policies, limitations and restrictions of each client when selecting securities and determining trade amounts. For registered investment companies, LCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments already made. Any client investment guidelines and restrictions must be provided to LCM in writing.

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

As a matter of firm policy and practice, LCM does not have any authority to, and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. LCM may, upon written request, provide advice to clients regarding the client's voting of proxies.

## Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. LCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### Principal Officers and Advisory Team Members

*Here is the relevant background of our Key Officers and Investment Professionals:*

**Rudolph A. Martin**, President, Director of Research, Senior Portfolio Manager, Director of Research of LCM since October 2007. Rudy started his investment career in 1983, co-managing a \$2 billion private investment portfolio for Transamerica. Later he went on to Wall Street as an equity analyst for Dean Witter and traveled globally to meet with major institutional equity investors. In 1995 he joined Fidelity Investments as Senior Investment Analyst. Five years ago, he left Boston to become Director of Research of a quantitative research firm that was acquired by TheStreet.com. Rudy Martin holds a bachelors degree from DePaul University and a master's degree in finance from Northwestern University, Kellogg Graduate School of Management.

**Richard A. Widows**, Chief Compliance Officer, Senior Analyst, Portfolio Manager of LCM since October 2009. Having lived in London, Singapore, Hong Kong and Kuala Lumpur, Malaysia, Rich has focused his career on the analysis of U.S. and international investments. He has worked with investment professionals in the United States, the United Kingdom and throughout Asia, with particular expertise in computerized quantitative analytical techniques. His experience includes tenure with the international unit of Lipper Analytical Services, now a division of Thomson Reuters, and later as senior vice president at Asian investment information firm IVM Holdings International of Singapore. After receiving a B.A. degree from Ohio State University and serving as a commissioned officer in the U.S. Army, Widows earned an M.B.A. from Santa Clara University in Silicon Valley, California.

**Gerald L. Serrano**, Corporate Secretary-Treasurer of LCM since May 2011. Former retired U.S Navy officer. In addition to performing accounting duties for LCM, Jerry is also currently completing requirements for his Bachelors degree in Business Management (2012).