



**Consultiva Wealth Management, Corp.**  
**Form ADV Part 2A**

**March 30, 2020**

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This brochure provides information about the qualifications and business practices of Consultiva Wealth Management, Corp. ("Consultiva"). If you have any additional questions about the contents of this brochure, please contact us at (787) 763-5868. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Consultiva is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Consultiva is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Material Changes

This Form ADV Part 2A brochure dated March 30, 2020 has been prepared according to the requirements and rules promulgated by the SEC.

The Securities and Exchange Commission requires registered investment advisers to amend their ADV, Part 2 brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

This Item 2 will be amended with respect to our annual update to identify and discuss any material changes since our last annual or last update of the brochure. The date of the last update of the brochure was July 11, 2019. This item discusses specific material changes that were made to the brochure subsequent to July 11, 2019.

Item 5 has been amended to include changes in the methodology used for the calculation of the advisory fees effective the first quarter of 2020.

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## Item 4- Advisory Business

### **Our Company & Principals**

Consultiva is an investment adviser, registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 (the "Advisers Act") and has been offering investment advisory services since October 1999.

Bancrédito Financial Group Trust & Company ("Bancredito Trust") is the whole owner of Consultiva Holding Group, Corp. Consultiva Holding Group, Corp. continues to have a controlling interest in Consultiva which has increased to 73% of Consultiva's common shares issued and outstanding. Certain employees of Consultiva hold the remaining 27% of Consultiva's common shares. Ownership details are provided in the firm's ADV, Part 1, obtainable from the SEC at [sec.gov](http://sec.gov).

Bancrédito International Bank Corporation, an international banking entity directly owned by Bancrédito Holding and thus under common control with Consultiva, may refer prospective clients or business to Consultiva from time to time. Consultiva may also refer prospective clients or business to Bancrédito International Bank Corporation.

### **Services We Offer**

Consultiva offers investment advisory consulting services for both traditional and alternative assets as well as ESG and other types of impact investing assets. Consultiva offers investment advisory consulting services on a non-discretionary, limited discretionary or full discretionary basis according to client's election. Consultiva provides its services to diverse types of clients (see Item 7 for more information about our clients).

Our process begins with an assessment of each client's needs, current circumstances and risk tolerance, after which we work with the client to design a customized investment strategy and policy that will guide the investment process. Consultiva then presents those investment solutions that it believes are best suited to implement a customized strategy including, but not limited to the recommendation of Independent Investment Managers through separately managed accounts and/or pooled funds (i.e. commingled trust funds, mutual funds, exchange traded funds) and or Consultiva Unified Managed Account Program ("UMAP").

Consultiva will also recommend fixed or variable insurance products, including life and long-term care insurance, as well as annuities, as part of a proposed integrated construct of investments, when suitable to its clients and after preparing and presenting analysis of comparable solutions. Once the client has selected from these investment alternatives, we assist with the implementation of the chosen strategy approved by the client.

Consultiva provides ongoing evaluations of each client's portfolio performance and assists in identifying strategic market opportunities, as well as in diversifying and rebalancing portfolios. Consultiva will also provide other investment-related consultations as the client may require.

### **Customization of Accounts & Restrictions on Investments**

Our services are customized and tailored to address each individual or organizational client's specific needs, and/or stated objectives, within client's governance, risk tolerance and investment framework. After an in-depth assessment of the financial circumstances, risk tolerance and goals, we work with each client to clearly define goals and objectives and determine the most appropriate investment strategies to pursue those goals.

Strategies should reflect not only the client's specific growth and risk parameters, but also their time horizon and views regarding specific types of investments or strategies that they wish to emphasize or avoid (i.e. socially responsible parameters, faith-based values, impact investments, etc.).

### **Discretionary Investment Advisory Services**

Consultiva provides discretionary advisory services as per client's election, including, but not limited to, the use of its Unified Managed Account Program ("UMAP") and its Diversified Private Credit Portfolio ("DPCP") formerly named Consultiva Private Credit Portfolios.

The UMAP offers access to Independent Investment Manager's ("IIMs"), mutual funds and ETFs (the "vehicles" that have been screened by Consultiva to provide model portfolios. Trading activities are coordinated by an independent overlay manager selected by Consultiva's Investment Strategy Committee. Consultiva coordinates the opening of a single-custodial UMAP account for its clients and creates customized individual manager and vehicle allocations. This is done on a per-account basis, in order to construct multi-asset class investment strategies ("Investment Strategies") for the purpose of managing assets in accordance with the clients' investment objectives, policies, risk tolerance and limitations. Consultiva has the authority to replace the independent overlay manager and can change the IIMs and/or vehicles engaged to implement the program. Refer to item 8 for further information regarding the independent overlay manager.

Consultiva in collaboration with Glide Capital LLC ("Glide") has built a diversified private credit portfolio of funds, the DPCP, which focuses on private lending and other income producing strategies.

The DPCP offers to accredited investors and qualified client's participation in the private lending asset class and other non-traditional or "alternative" investment strategies. Through the DPCP investors access an actively managed portfolio of multiple fund managers specializing in various lending strategies and have exposure to thousands of loans. The fund managers invest into strategies such as

commercial and small business lending, consumer lending, hard money real estate lending and other lending and specialty finance strategies.

### **Non- Discretionary Investment Advisory Services**

Consultiva provides non-discretionary investment advisory services to those clients who do not wish to grant discretionary authority over their investment portfolio.

In a non-discretionary relationship, Consultiva provides the services offered as described herein above and implements only the solutions that clients authorize.

### **Access to Asset Management Programs ("Wrap Programs")**

Consultiva may also recommend asset management solutions through a wrap program based on the client's portfolio size, custodial preferences and relationships with broker-dealers, including Huntleigh Securities Corporation, an affiliated introducing broker-dealer. (Please refer to Item 10 herein for more information).

### **Assets under Management**

As of December 31, 2019, Consultiva managed approximately \$1,457,145,554 on a non-discretionary basis on behalf of 148 Clients and \$128,333,190 on a discretionary basis on behalf of 12 Clients.

## Item 5- Fees and Compensation

### Invoicing Methodology

Consultiva advisory fees are calculated based on the assets supervised/managed for the client (i.e. the total value of securities, variable annuities, money market funds, and cash) and are generally billed in advance on a quarterly basis as set out in the agreement between the client and Consultiva, unless otherwise agreed. The client may direct the selected custodian to allow the deduction of fees.

All fees are negotiable, depending on the client's particular circumstances, such as their asset allocation, frequency of reporting, types of investments or other services the client may require.

### Compensation

The fees for investment advisory services are detailed below. The suggested minimum portfolio size is \$500,000.

#### Standard Investment Advisory Fees<sup>1</sup>

	Assets (\$)	Fee (%)	Fee (\$)	Cumulative Assets (\$)	Cumulative Fee (%)	Cumulative Fee (\$)
First	\$1,000,000	0.75%	\$7,500	≤\$ 1,000,000	0.75%	\$7,500
Next	1,000,000	0.65%	6,500	2,000,000	0.70%	14,000
Next	1,000,000	0.60%	6,000	3,000,000	0.67%	20,100
Next	1,000,000	0.55%	5,500	4,000,000	0.64%	25,500
Next	1,000,000	0.50%	5,000	5,000,000	0.61%	30,500
Next	5,000,000	0.35%	17,500	10,000,000	0.48%	48,000
Next	10,000,000	0.25%	25,000	20,000,000	0.37%	73,000
Next	20,000,000	0.15%	30,000	40,000,000	0.26%	103,000
Next	20,000,000	0.10%	20,000	60,000,000	0.21%	123,000
Next	100,000,000	0.07%	70,000	160,000,000	0.12%	193,000
Next	100,000,000	0.05%	50,000	≥ 260,000,000	0.09%	243,000
Fee for amounts over \$260 million is 0.05%						

#### Investment Advisory Services Institutional Fixed Income

	Assets (\$)	Fee (%)	Fee (\$)	Cumulative		
	Assets (\$)	Fee (%)	Fee (\$)	Amount	Fee (%)	Fee (\$)
First	\$5,000,000	0.30%	\$15,000	\$5,000,000	0.30%	\$15,000
Next	5,000,000	0.21%	10,500	10,000,000	0.26%	25,500
Next	10,000,000	0.15%	15,000	20,000,000	0.20%	40,500
Next	20,000,000	0.09%	18,000	40,000,000	0.15%	58,500
Next	20,000,000	0.06%	12,000	60,000,000	0.12%	70,500
Next	200,000,000	0.04%	84,000	260,000,000	0.06%	154,500
Next	200,000,000	0.03%	60,000	460,000,000	0.05%	214,500

<sup>1</sup> Applicable to Institutional and Individual (Private Wealth Management) Clients

## Asset Liability Management – Local Credit Unions

Assets (\$)				Fee
From	\$ 1	to	25,000,000	8,000
From	\$ 25,000,001	to	50,000,000	11,000
From	\$ 50,000,001	to	75,000,000	14,000
From	\$ 75,000,001	to	100,000,000	16,000
From	\$ 100,000,001	to	200,000,000	20,000
From	\$ 200,000,001	and over		28,000

## Defined Contribution Retirement Plans

Assets				% Fee Range
		Up to	\$ 1,000,000	1.30% to 0.80%
From	1,000,001	to	3,000,000	0.79% to 0.65%
From	3,000,001	to	5,000,000	0.64% to 0.50%
From	5,000,001	to	10,000,000	0.49% to 0.35%
From	10,000,001	to	20,000,000	0.34% to 0.20%
From	20,000,001	and over		0.19% to 0.05%

## Advisory Fee for UMAP & Other Discretionary Advisory Services

Consultiva can charge an additional fee of no more than 0.75% for discretionary advisor services related to the Unified Managed Account Program and any other discretionary programs or services requested by the client. Fees are negotiated based on particular client circumstances, including, but not limited to, certain legacy holdings in client portfolios.

## Fixed Fees and Hourly Fees

Consultiva may also charge fixed or hourly fees that are negotiated, depending upon the scope of the client's needs or mandate.

## Fees and Expenses Charged by Other Investment Advisers

In addition to the investment advisory fees charged by Consultiva as described above, the client will be charged investment advisory fees by any independent investment managers the client selects.

As related to the Diversified Private Credit Portfolio, the program bears a management fee to the managing member, currently Glide Capital LLC. The management fee will be up to 1.20% per annum of the Net Asset Value of the portfolios, also referred to as Series, which is in addition to the Consultiva advisory fee. No portion of this fee is shared or earned by Consultiva.



## **Other Fees and Expenses**

In addition to the investment advisory fees described above, the client's brokerage or custodial accounts will incur in additional fees and expenses. These fees and expenses will include, but are not limited to the following, as applicable.

1. Fees paid to sub-advisors and other third-party managers that manage the account;
2. Transaction costs and other related trading costs, commissions, and expenses;
3. Custodial fees;
4. Mutual fund network fees;
5. Interest;
6. All applicable taxes;
7. Wire transfer and electronic fund fees;
8. Other fees and taxes related to brokerage accounts;
9. IRA and qualified retirement plan fees;
10. Internal management and operating fees and administrative expenses, which may include 12b-1 fees, for mutual funds and exchange traded funds, as disclosed in the fund prospectus;
11. All fees and expenses related to variable annuities and sub-accounts;
12. All fees related to alternative investments including management fees, performance fees, trading costs and other expenses related to such investment that are charged to investors;
13. Third party services for retirement plans such as: trustee services, third-party administration services, recordkeeping services.
14. Mutual fund redemption fees, if applicable; and
15. Other fees and expenses required by law.

Consultiva clients investing through a "wrap" program are referred to the sponsor's brochure for details about these and other fees and expenses.

Neither Consultiva nor its investment advisor representatives share in custodial fees. Please refer to Item 12 herein for more information on brokerage practices.

## **Termination of Advisory Relationship**

If for any reason a client decides to terminate their relationship with Consultiva, we require 30 days advance written notice. This requirement may be waived in certain cases. Upon receipt of a written termination notice, Consultiva shall refund, on a pro rata basis, any of its unearned fees if already collected.

## **Other Compensation**

### **A. Compensation from Insurance Products**

Consultiva acts as a duly licensed insurance agent under the laws of the Commonwealth of Puerto Rico and will recommend fixed insurance products when suitable to its clients and after preparing and presenting analysis of comparable solutions. Consultiva, its Investment Adviser Representatives and other insurance licensed employees will be compensated for the sale of such fixed insurance products on a commission basis. This presents a potential conflict, given that Consultiva and its Investment Adviser Representatives might be incented to recommend such products, based on potential compensation rather than the client's needs. In order to address this potential conflict, it is Consultiva's policy that all recommendations are made in accordance with the client's stated investment objectives, risk tolerance, and goals, and so documented. As with any part of a proposed investment strategy, the client may choose to reject any proposed insurance product. Additionally, Consultiva has policies and procedures in place to avoid this potential conflict of interest and to ensure all recommendations are suitable for the client. Finally, Consultiva does not include these assets for the calculation of any applicable advisory fees.

### **B. Compensation from Cross-Marketing Efforts**

As noted above, Consultiva may refer prospective clients or business to affiliates of Bancrédito Holdings, Inc. (E.g. Bancredito International Bank). Consultiva is entitled to receive a bonus based on cross-selling opportunities that will arise between Consultiva and other affiliates of Bancrédito Holdings, Inc.). This may create an incentive for Consultiva to recommend the affiliates to clients rather than other service providers that may be more appropriate. In order to address this potential conflict, it is Consultiva's policy that all referrals are solely made according to the specific needs of the client for financial services other than investment advisory services. The client makes the ultimate selection.

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

Consultiva does not provide services for a performance-based fee, nor fees based on a share of capital gains.

### **Item 7- Types of Clients**

Consultiva provides investment advisory services for the following types of clients: individuals and families, pension and profit-sharing plans, 401k plans, 1081.01 plans, endowments, foundations, credit unions, Taft-Hartley plans, insurance companies, trusts and estates, charitable organizations, state government entities and corporations and similar business entities (i.e., limited liability companies, partnerships and professional partnerships).

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

Consultiva begins the consulting process with each client by engaging in an analysis in the following areas:

- Evaluating the client's financial circumstances ("Needs, Objectives & Risk Assessment").
- Determining appropriate asset allocation.
- Reviewing/Developing Investment Policy, Guidelines and Objectives.
- Performing capital markets research.
- Performing research and due diligence on independent investment managers, funds and other investment vehicles.
- Investment cost analysis.
- Ongoing performance monitoring.

### **Needs, Objectives & Risk Assessment**

Consultiva employs a liability-based approach in assisting clients in defining and quantifying goals and objectives.

### **Capital Markets Research and Asset Allocation**

Consultiva professionals gather and examine studies, reports, audit opinions, attend conferences and determine Consultiva positions on key issues, such as economic growth, expected returns, interest rates, current valuations and asset allocation. We continually receive and evaluate research of world economies and markets from third party sources and develop conclusions to assess courses of action based on each client's goals and objectives.

### **Investment Management Research and Due Diligence**

Consultiva continually researches and/or interviews investment management firms that we believe can potentially add value to client portfolios. Our goal is to build an optimum investment management team for each client. Defining the most appropriate team of IIM's and/or funds will depend on the size of a client's total portfolio, the required nominal investment objective, the asset allocation required, and the investment policies and guidelines that are established as a result of the Needs, Objectives & Risk Assessment. Once the appropriate mix of assets, strategies and acceptable guidelines are determined, Consultiva then evaluates the appropriate number and types of managers.

### **Investment Cost Analysis**

Although inevitable, cost is certainly a manageable variable. We examine the various alternatives for accessing a manager, fund, investment vehicle or strategy, always mindful that the maximum benefit accrues to the client. These alternatives include direct contracts, investment platforms and pooled funds as well as the UMAP. The most cost-effective custody and trading options stem from these examinations.

## **Use of Other Investment Advisers**

Consultiva, through a sub-advisory agreement, has engaged Palladium LLC, an investment adviser registered with the SEC, to provide Consultiva with certain services, including ongoing capital markets and investment management research, analysis and advice regarding general economic conditions and trends, asset allocation guidance, and long-range investment policy design (the "Consultiva Services"). In connection with these services, Consultiva pays a minimum annual fee to Palladium LLC

Consultiva will use these services in connection with any of the investment advisory services Consultiva provides to its clients. Consultiva may also recommend Palladium LLC separately, as an IIM to certain clients.

In addition, Consultiva will pay Palladium LLC a fee for the services provided as the Unified Managed Account Program "UMAP" independent overlay manager which are computed based on assets under management in the Program.

As with other service providers, Consultiva may rescind or replace the services of Palladium LLC for any of the afore mentioned services.

## **Risk of Loss**

Despite the analysis undertaken by Consultiva, it is important to remember that all investments carry some degree of risk. Risk includes loss of some, or even all, of a client's investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, portfolio managers or approaches not offered by Consultiva that may perform as well or better. You should consider these factors carefully before deciding to invest.

Investments made by Independent Investment Managers or the Funds/Investment Vehicles may result in temporary or permanent decline in the market value of a client's assets. The Investment Managers/Funds/Investment Vehicles, including the UMAP and the Diversified Private Credit Portfolio, that Consultiva recommends, or that the client would otherwise wish to hire/purchase, may not be successful in meeting specific performance objectives. Investors should not subscribe to Consultiva Investment Management evaluation and selection process or invest in Investment Management Accounts/Funds/Investment Vehicles unless they can bear the risk of market value fluctuation or potential capital decline.

There is no assurance that Investment Managers/Funds/Investment Vehicles will generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The past investment performance of Consultiva recommended Investment Managers/Funds/Investment Vehicles cannot be taken to guarantee future results.

## Item 9- Disciplinary Information

In July of 2012, Consultiva reached a settlement with the SEC regarding Consultiva alleged violations of certain compliance program and code of ethics provisions of the Advisers Act and the rules thereunder. Without admitting or denying the SEC's findings, Consultiva agreed to a censure and to cease and desist from committing or causing any violations and any future violations of these provisions. Consultiva also agreed to, and paid, a \$35,000 civil penalty. Additionally, Consultiva agreed to retain an independent consultant to review its compliance operations annually for two years, provide a copy of the SEC's order to existing clients, and prominently post a summary of the order on its website for twelve (12) months.

## Item 10- Other Financial Industry Activities and Affiliations

### **Pending and Current Registrations with Broker-Dealers**

Certain of Consultiva supervised persons are registered with FINRA as securities representatives with Huntleigh Securities Corporation. Registered employees are not permitted to register with any other outside firm. Edmundo J. Garza, CEO & President of Consultiva, acts as a Principal of Huntleigh Securities Corporation. He is compensated for this service.

### **Material Relationships and Conflicts of Interest**

#### **1. Huntleigh Securities Corporation**

Consultiva entered into a relationship with Huntleigh Securities Corporation in July 2016. HSC is a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corporation (SIPC).

HSC serves as introducing broker-dealer for certain advisory clients of Consultiva. As described in Item 5 herein above, with any introducing broker-dealer, clients who select Huntleigh Securities Corporation will be charged fees and transaction costs, if the program they select is not inclusive of such fees.

#### Dual Employees

As indicated herein above, Consultiva entered into a relationship with Huntleigh Securities Corporation ("Huntleigh"). Certain management persons and supervised persons of Consultiva are registered representatives of Huntleigh and, hence, considered dual employees of both Consultiva and Huntleigh.

The dual employees, as registered representatives of Huntleigh, will recommend the purchase of investment securities and/or certain insurance contracts to Consultiva's investment advisory clients when suitable to its clients and after preparing and presenting analysis of comparable solutions and will receive a

commission for the sale of such securities and insurance contracts. The compensation received from the sale of investment securities and certain insurance contracts potentially presents a conflict of interest, since it theoretically creates an incentive for Consultiva's dual employees to recommend such securities and insurance contracts for additional compensation.

Consultiva's policy, however, is to only make recommendations in accordance with our clients' investment objectives and goals, as determined and documented during the assessment process. Consultiva has established compliance procedures to ascertain that a detailed analysis of clients' needs, objectives and current asset-liability position, as well as determination of the client's risk tolerance, is performed to determine the investment objectives, investment strategy-policy, and/or asset allocation to be recommended to the client. Unless a client selects a discretionary advisory service, the client may choose to reject any part of a proposed recommended investment strategy, including insurance and/or investment security recommendations. In addition, Consultiva has established a compensation strategy that allows dual employees to receive competitive, but not excessive, compensation for the investment advisory services they offer to Consultiva's clients.

In the case of investment securities, Consultiva has established as a policy that neither the dual employees nor Consultiva shall receive commissions for transactions involving investment assets covered under advisory services.

Conversely, in the case of certain insurance contracts, dual employees and Consultiva will receive commissions, but, likewise, it is Consultiva's policy that neither dual employees nor Consultiva shall receive compensation for advisory services and a commission for the sale of these insurance products from the same assets of any given client. Hence, Consultiva does not include these assets in the calculation of advisory fees.

#### Expense Allocation Agreement

Huntleigh Securities Corporation ("Huntleigh") and Consultiva are party to an expense allocation agreement, whereby Consultiva provides certain services (administrative and sharing of premises and non-advisory services) to Huntleigh. Said services are paid pursuant to the terms of such expense allocation agreement.

Although Consultiva does not receive compensation from Huntleigh relative to client transactions through Huntleigh, this arrangement presents a potential conflict of interest, as it theoretically creates an incentive for Consultiva to recommend transactions that could result in a benefit to the affiliate. Consultiva's policy, however, is to make recommendations only in accordance with each clients' stated investment objectives, risk tolerance and goals.

Additionally, the potential conflict of interest presented by the affiliation with Huntleigh is further mitigated by the fact that Consultiva does not require its clients

to select Huntleigh; rather, it is left entirely to the client's discretion to select their own broker-dealer and/or custodian.

Huntleigh may on occasion, receive additional compensation in the form of marketing service fees for mutual funds (i.e., 12b-1 fees) purchased in their account or compensation from certain insurance contracts. Consultiva does not receive any direct compensation as a result of 12-b-1 or similar fees. Consultiva makes full disclosure to clients with respect to the relationship between Consultiva and Huntleigh, and of the potential benefits that Huntleigh will receive.

## **2. Retirement Plans Clients**

As part of the advisory services provided by Consultiva to retirement plan clients, Consultiva will assist in identifying and selecting appropriate service providers (for example: Trustee services, third-party administration services, recordkeeping services, etc.) according to the specific needs and goals of each retirement plan client. These service providers may occasionally refer clients to Consultiva. In addition, Consultiva may recommend its clients certain insurance products offered by these same service providers.

The occasional referral of clients and the recommendation related to insurance products offered by these service providers, present potential conflicts of interest, as it theoretically creates an incentive for Consultiva to recommend these service providers to receive client referrals or for the additional compensation. Notwithstanding, Consultiva has procedures in place to ensure its services are strictly limited to only facilitate the identification and selection of the most appropriate service providers, according to the specific needs and goals of each retirement plan client.

Consultiva has adopted internal controls that require that several proposals from different service providers are obtained as part of the identification process described above. Proposals are obtained taking into consideration several factors, including, but not limited to, plan investment alternatives, costs per participant, costs of mutual funds, recordkeeping facilities, etc. The client makes the ultimate selection.

Furthermore, Consultiva is not associated with any particular service provider, nor pays any compensation to service providers for any occasional client referral, nor is Consultiva paid for recommending any service provider to clients.

## **3. Other Relationships with Certain Clients**

Consultiva acts as the investment adviser for certain institutional clients and is committed to provide local investment opportunities that can support local economic development. Consultiva has a commitment with local investment strategies and clients interested in this type of investment opportunity.

Hence, Consultiva will recommend investment securities or other investment vehicles locally managed, promoted or issued by certain of its institutional clients to other clients, when suitable and after preparing and presenting analysis of comparable solutions.

Consultiva is not compensated for the recommendation of such investment securities or vehicles, nor are the assets raised by the client's part of the investment portfolio that Consultiva advises for such clients. However, if a client of Consultiva has selected to invest in the local investment securities, those assets are part of the client's investment portfolio that Consultiva advises and for which Consultiva receives compensation.

The occasional recommendation of local investments issued by any Consultiva clients, presents potential conflicts of interest, because it theoretically creates an incentive for Consultiva to recommend such securities in order to receive additional advisory fees on the same assets.

In order to address this potential conflict, it is Consultiva's policy that all investment recommendations are made in accordance with each client's stated investment objectives, risk tolerance, and goals. As with any part of a proposed investment strategy the client may choose to reject any investment strategy or security recommended. Additionally, Consultiva has policies and procedures in place to avoid this potential conflict of interest and to assure that all recommendations are suitable for each client.

In short, as stated herein above, Consultiva does not receive additional compensation from the same assets.

### **Recommendation and Selection of other Investment Advisers**

Consultiva's primary business is to assist clients in assessing the probability of achieving their investment objectives and in crafting a team of independent investment managers/funds to manage their portfolios in line with such objectives.

During the initial investment manager or fund evaluation, Consultiva examines results that generally meet industry standards for how managers/funds publish their performance records. Consultiva reviews the quality of each candidate's record and exercise great care to ensure that a manager's or fund's record is (1) a fair representation of their true performance and (2) achievable within each client's investment policy guidelines. Generally, except in a discretionary relationship arrangement, each client makes final decisions in selecting (or not selecting) an investment manager or fund.

A former employee of Consultiva has an ownership interest in Consultiva. The former employee left Consultiva in 2014 and joined an investment adviser that Consultiva recommends to Clients. Consultiva recommended this certain investment adviser prior to the former employee's departure. Consultiva expects to continue to recommend this investment adviser to its Clients. Consultiva



recognizes this situation creates a potential conflict of interest and Consultiva has policies and procedures in place to help ensure all recommendations are suitable for each client.

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

### **Compliance Plan**

Consultiva has adopted its Investment Advisory Compliance Plan (the "Plan"), pursuant to Rule 206(4)-7 under the Advisers Act. Part of that plan includes the adoption of written policies and procedures that are incorporated within the Consultiva Compliance Manual. Consultiva officers, independent contractors, certain service providers and employees (altogether the supervised persons of Consultiva) receive ongoing training relating to the Compliance Plan, which is periodically reviewed and amended to reflect additional policies.

### **Code of Ethics and Personal Trading**

Consultiva has adopted a Code of Ethics ("the Code") pursuant to Rules 204A-1 and 204-2 under the Advisers Act. The Code is periodically reviewed, updated as necessary and distributed to all its supervised persons. Periodic training on the Code is provided to existing supervised persons and all new supervised persons upon hire. All our supervised persons are required to accept, in writing, the terms of the Code upon employment or contract, upon amendment of the Code and annually.

The Code sets out our standards of conduct for investment advisory personnel, including the fiduciary and confidential duty, trading and gifts policies, reporting and recordkeeping obligations, and avoidance of conflicts of interest.

With respect to trading in personal accounts, the Code contains rules and restrictions on the purchase and sale of securities by supervised persons. These rules and/or restrictions are designed to protect Consultiva's clients. All the supervised persons of Consultiva are required to place our clients' interests first in all dealings relating to their investments.

Generally, the Code of Ethics provides that:

- The supervised persons maintain full compliance with applicable federal securities laws;
- The supervised persons must pre-clear all personal trades for their own accounts or accounts over which they have a direct or indirect beneficial ownership ("supervised persons -related accounts");
- Pre-clearance requests will not be granted for trades in securities that are under consideration for a client account or are the subject of an unexecuted order for a client account;
- Brokerage statements for all supervised persons -related investment accounts must be sent to Consultiva;

- Supervised persons must report personal securities transactions in all supervised persons -related accounts on a quarterly basis;
- Limitations on Consultiva supervised persons 's ability to participate in initial public offerings, limited offerings and private placements.

Supervised persons personal trading reports are reviewed by Compliance personnel to verify that all supervised persons comply with the Code. Consultiva may impose penalties and sanctions on supervised persons who have violated provisions of the Code, including the personal trading policy.

In addition, the Code contains policies and procedures concerning the misuse of material non-public information and concerning political activities and contributions.

The Code also dictates activities that are strictly prohibited, which include:

- Having a personal interest or receiving a personal benefit in any Client transaction;
- Using knowledge of Client transactions for personal gain; and
- Allowing anything to influence or impact an independent, unbiased judgment with respect to Client communications.

Consultiva provides a copy of the Code to current clients or any prospective client, upon request.

### **Participation or Interest in Client Transactions**

Clients in need of brokerage or custody services may choose to use Consultiva affiliate, Hunt leigh Securities Corporation ("Huntleigh"). In such a capacity, Huntleigh will act as agent for the buyer and/or seller when instructed to do so. Huntleigh may participate in underwritings and may be a market maker in some securities.

First Clearing LLC, an affiliate of Wells Fargo Advisors, provides settlement and clearing of all Huntleigh trades on a fully disclosed basis.

As described herein above, Consultiva has adopted a Code of Ethics, which includes restrictions on employees' personal trading. Each supervised person and registered representative of Consultiva is required to sign the Code of Ethics upon employment and annually attest to their adherence of the Code during their tenure. Huntleigh, as a securities broker/dealer registered with the SEC and a member of FINRA, is also required to abide by market rules and regulations regarding ethics and personal trading.

### **Business Continuity**

Consultiva has adopted a business continuity strategy to maintain critical functions, in the event of circumstances that impact our physical facilities, applications, data centers or networks. Consultiva has engaged in planning and process development to reduce risk in this area and periodically reviews its established procedures, revising it as required.

### **Risk Management Review**

Consultiva's Executive & Compliance Committee and Investment Strategy Committee provide oversight of investment management, compliance program and operational policies and procedures.

### **Item 12- Brokerage Practices**

Consultiva does not receive research, products or services in connection with client securities transactions. Consultiva also does not direct brokerage to any other broker-dealer or third party in exchange for referrals.

With the client's request and approval, Consultiva will direct transactions to Huntleigh Securities Corporation ("Huntleigh"), based upon best execution principles. When Huntleigh cannot provide best execution, Consultiva will suggest that trades be directed to other broker-dealers. If a client instructs Consultiva to execute trades through a certain broker-dealer, Consultiva will not monitor those execution costs unless we have agreed to do so, in writing, on the client's behalf. Consultiva does not currently provide consulting services in exchange for directed brokerage.

### **Item 13- Review of Accounts**

On a quarterly basis, unless otherwise agreed to with the client, Consultiva reviews account activity and prepares a written report that presents investments, portfolio performance and profits/losses of holdings. This performance is compared to benchmarks that best represent a client's stated investment objectives. Consultiva makes every effort to meet with clients and discuss the quarterly report and address any questions or issues raised by the client.

Additionally, client reports are randomly selected and reviewed by Consultiva independent auditors at least annually.

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

On occasion, Consultiva will receive client referrals from independent solicitors or supervised persons of Consultiva that are not registered investment advisors. Solicitors provide necessary disclosure forms, which require client acknowledgement and signature. Solicitors are compensated solely by Consultiva and receive a portion of our advisory fees. There is no additional charge to any client referred.

Neither Consultiva nor its personnel receive any items of value, in the form of prizes, awards or items of economic benefit, from non-clients.

#### Item 15- Custody

Consultiva does not provide custodial services for client assets. Consultiva prepares quarterly performance reports of portfolio activity, unless a different time period has been negotiated with the client. Consultiva utilizes the custodian information for calculating performance, by either electronically downloading the data or receiving a hardcopy of the Client's account statements. If data is missing or has errors, Consultiva researches the situation by verifying information through custodian's online access and/or reports sent by investment managers. Nevertheless, we urge clients to compare performance reports they receive from Consultiva with account statements received from Independent Investment Managers and Qualified Custodians. If a client notes any differences, such differences should be reported immediately to Consultiva, the IIM and the custodian.

Consultiva is deemed to have custody of certain client assets, since in some cases it deducts its advisory fees directly from its clients' accounts, by directing the invoice to the clients' Qualified Custodian, as pre-approved by the client.

#### Item 16- Investment Discretion

Relationships with Consultiva are advisory and can be discretionary or non-discretionary.

##### **Discretionary Relationships**

Discretionary relationships may be full or limited. Discretionary authority is granted via the Investment Advisory Agreement signed by the client and may or may not require changes to the client's existing Investment Policy Statement. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client.

Clients may give Consultiva full discretionary authority to act as an Outsourced Chief Investment Officer ("OCIO") with discretion over, and in some cases, implementation responsibility for a wide range of decisions, including asset allocation, portfolio structure and rebalancing, and selection and termination of Independent Investment Managers.

Consultiva also provides advice as to the purchase and sale of mutual fund shares and interests in private funds and separate accounts for these clients in accordance with their investment policies. Client may place limitations or conditions on transactions in certain types of securities or industries and/or limit the scope of tactical or strategic rebalancing. Any limitations or conditions a Client wishes to place must be agreed upon in advance and documented in writing in the Investment Advisory Agreement.

In a limited discretionary relationship, the client defines the scope of discretion granted and retains discretion regarding certain or all aspects of portfolio management.

Clients that select the Unified Managed Account Program ("UMAP"), the Diversified Private Credit Portfolio ("DPCP") and/or other discretionary services, give Consultiva discretion to manage part or all aspects of their investment portfolio. In the UMAP, Consultiva or its Independent Overlay Manager will generally have certain investment discretion as it pertains to asset and style allocation, investment vehicle, security selection, purchases and sales of investment securities, portfolio rebalancing, trading and, if applicable, tax management, in accordance with the Investment Strategies recommended and agreed with the Client. Each client makes an independent decision as to whether to select or not select the UMAP, DPCP or any other discretionary advisory services.

Specifically, the services of the Independent Overlay Manager for the UMAP, include but are not limited to the following:

- a. Establish procedures to receive model portfolios from managers who participate in the UMAP and to place orders to purchase and sell securities accordingly.
- b. Establish procedures to combine manager models into designated multi asset class Investment Strategies. Under Consultiva's direction, the independent overlay manager shall provide continuous portfolio management for the clients participating in the UMAP in accordance with each Clients' respective investment objectives, policies, and limitations, including, tactical asset allocation, risk management and tax management.
- c. Establish procedures to assist Consultiva in processing fee payments to the Program Managers.
- d. Establish procedures to and be responsible for the maintenance and retention of the history of the Manager Models received and the calculation of performance for each Manager Model.

### **Non- Discretionary Relationships**

As indicated herein above, in a non-discretionary relationship, Consultiva provides the services offered and implements only the solutions the client authorizes. Consultiva will assist in instructing the purchase or sale of securities in a client's portfolio, exclusively for the initial portfolio structure and subsequent rebalancing. In all cases, Consultiva presents recommendations in writing and must obtain the

client's written consent of the recommended investment strategy and/or instructions to buy or sell securities prior to the execution of such transactions.

#### Item 17- Voting Client Securities

##### **Non-Discretionary Relationships**

Consultiva does not vote proxies on behalf of clients. Clients or their Independent Investment Managers receive all proxies from the designated custodian, directly from the company or the transfer agent. Clients may receive proxies electronically as well.

##### **Discretionary Relationships**

If clients opt to have Consultiva vote proxies on their behalf, they or their custodian will send reorganization notices and proxy materials to Consultiva. If the client is a tax-qualified retirement plan subject to ERISA, unless client opts to do it, Consultiva will vote proxies. If the client is not an ERISA plan, the client may either retain the right to vote proxies or delegate such authority to Consultiva.

Clients may request Consultiva to make a particular vote with regard to an issue of importance to the Client, and Consultiva will consider the feasibility of honoring that request within its policy and administrative procedures.

Consultiva will furnish a complete copy of its Proxy Voting Policy, any related procedures, and its Voting Guidelines to each Client upon request. Upon request, Consultiva will also disclose the proxy voting history for a Client's account after the shareholder meeting has concluded.

In any case Consultiva will contract professional services from a third party to advise and or execute the voting of proxies.

#### Item 18- Financial information

Consultiva 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.

Consultiva does not require prepayment of fees six months or more in advance.