

# Aquila Finvision AG

## Brochure on Form ADV Part 2A

17 May 2021

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This Brochure provides information about our qualifications and business practices. If you have questions about the contents of this Brochure, please contact us at +41 58 680 61 93 or [cominfo@aquila-finvision.ch](mailto:cominfo@aquila-finvision.ch). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any other securities authority.

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

This Brochure is only for U.S. persons (U.S. resident) clients.

17 May 2021

## **Item 2: Material Changes**

This is the Brochure filed in connection with our registration with the SEC as an investment adviser. We will update it over time as needed.

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# AQUILA FINVISION AG

## Item 4: Advisory Business

Aquila Finvision AG (“Aquila”, “our” or “we”) is a Wollerau, Switzerland-based adviser providing discretionary investment management services to individuals, HNWIs, trusts and non-U.S. domiciled companies. We are organized as a Swiss limited liability company. We are affiliated with Aquila Ltd (“Aquila Ltd”), a Zurich-based bank with whom we have in place a Franchise Agreement (“Agreement”) for the provision of certain services Aquila Ltd is regulated by the Swiss Financial Market Supervisory Authority (“FINMA”) but is not SEC registered. We are an applicant for FINMA membership. Cristina Marin Forrer is our Chief Executive Officer (“CEO”), Chief Compliance Officer (“CCO”) and a member of our Board of Directors (“Board”). Our Directors are Ms Marin Forrer, Max Cotting and Antonio Marin. Our owners are Ms Marin Forrer (70%), Mr Marin (10%) and Aquila Ltd (20%).

We offer discretionary investment management services. We do not offer non-discretionary (advisory) services.

Our strategies, method of investment and the investments that we purchase or sell for clients are detailed in Item 8, below.

We do not solicit or take U.S. orders to buy or sell securities. We do not sponsor or manage a Wrap Fee Program or manage Assets in Wrap Fee programs. We do not select custodians to hold client cash and securities (“Assets”).

As of 30 April 2021, we have 54 clients with US\$ 117,576,922 assets under management.

## Item 5: Fees and Compensation

Our fee for discretionary investment advisory services is based on the amount of assets managed for a client (“AUM”). Fees are a fixed percent of AUM. This fee includes all investment recommendations and portfolio construction unless the Mandate states otherwise. We do not charge a performance fee.

- Less than US\$ 15,000,000 ARM: 1% per annum
- Between US\$15,000,000 and US\$ 25,000,000: 0.8% per annum
- Between US\$25,000,000 and US\$ 50,000,000: 0.6% per annum
- More than US\$50,000,000: negotiable

Fees are negotiable depending upon a client’s situation and, as such, clients may pay different fee amounts. This is a conflict of interest, and to address this we manage each client portfolio based solely upon the agreed investment objectives and restrictions.

Assets are valued by the custodian.

The agreed fee is set forth in the Mandate. Fees are calculated on a quarterly basis in arrears, based upon the average value of the Assets in each of the preceding three months i.e. each March 1, June 1, September 1 and December 1. We calculate fees based upon the custodian valuations, and to address this conflict of interest, our auditors review all fee calculations and the methodology annually as part of the annual audit. We do not require fees to be paid in advance.

We send the client an invoice, with a copy to the custodian, with the amount of the fee. The custodian, acting as the client's agent and under the relevant client-custodian agreement, will deduct the fee from the client's account and remit funds to us. Upon termination of any account, any earned, unpaid fees will be due and payable. We do not charge a termination fee.

Clients may incur certain charges imposed by custodians, brokers and other third parties we use to manage and trade Assets. These fees may include any of the following: fees and commissions related to trade execution, fees charged by the custodian, deferred sales charges on pooled investment vehicles, odd-lot differentials, transfer fees and taxes, wire transfer and electronic fund fees, safekeeping fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs charge internal management fees, which are disclosed in a fund's prospectus.

We pay Swiss stamp duty for our clients from our own funds.

Such charges, fees and commissions are exclusive of and in addition to our fee, and we do not receive any portion of these commissions, fees and costs.

The Mandate may be terminated at any time upon written notice. Termination will not affect any transaction not completed at the time of the termination. The client is responsible for investment advisory fees up to and including the effective date of termination. We will refund any unearned, prepaid fees.

A Mandate is non-transferable without the client's prior written approval.

We do not receive commissions or compensation for transactions in any client account. As a fee-only advisor, we are paid for the investment management we provide to clients.

The same or similar portfolio management services may be available from other investment advisers for a different fee. Investment advisory fees, which include investment advisory and transaction costs, may be more or less costly than paying for the services separately, depending upon the investment advisory fees charged, the number of transactions for the account, the level of brokerage and other fees that would be payable if client obtained the services individually.

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

We do not charge a performance fee (fees based on a share of capital gains or appreciation of Assets).

#### **Item 7: Types of Clients**

We provide services to U.S. persons (residents of the United States) and U.S. citizens or non-U.S. citizens that reside outside the United States. The breakdown of each type of client and the allocation of assets are set forth in our Form ADV Part 1. Clients include individuals, HNWI's, trusts and non-U.S. domiciled companies.

We do not have a minimum account size. However, we recommend a \$1,000,000 minimum investment to achieve proper diversification and strategy deployment. Accounts of less than \$1,000,000 are reviewed and accepted on a case-by-case basis.

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

Clients choose one or more of the following investment strategies, with the attendant level of risk: Security Conscious/Very Low Risk; Interest Income/Low Risk; Balanced/Moderate Risk; Asset Growth/Elevated Risk; and Dynamic/High Risk. Clients inform us of restrictions or special instructions that we factor into the management of their portfolio. Clients select a reference currency for their account. We record this in the client mandate ("Mandate"). The Mandate is changed when the client provides us with updated information and is reviewed at least annually.

We conduct research and make investment decisions based on the strategy selected, considering investment objectives, restrictions and guidelines.

We consider the following investments for each client portfolio: exchange-traded equity securities; debt securities (U.S. government securities, sovereign debt, corporate debt and commercial paper); mutual funds; ETFs; and currencies, as well as securities on the Special Picks list (discussed below). We use derivatives and currencies (spot FX, FX forwards and swaps) for hedging and positioning purposes.

For equity securities that in our view are not suitable to be in all client portfolios but offer an opportunity to some clients with a special risk preference and/or increased capacity for risk, we use the "Special Picks list. We generate and select the securities on this list. Stocks from this list will be assigned to portfolios on an individual basis solely by us, client by client, and each client may or may not hold equity securities from this list or in the same amounts. The client must authorize the implementation of stocks from the Special Picks list into their portfolio by checking the applicable box in the investment profile in the Mandate under special instructions. The client also limits the use of equity securities from the Special Picks list by fixing a maximum of the equity portion that can be invested in such securities.

### ***Investing in securities involves the risk of loss that clients should be prepared to bear***

All investments have risks that are borne by the investor. Our investment approach helps keeps risk of loss in mind. Each client will receive the Swiss Banking Association Brochure entitled "Special Risks in Securities Trading". The list below details some of the risks that clients face when investing with us. Depending on the strategy employed, certain factors may be more prevalent than others in an investment portfolio.

- **Market Risk** - The price of a security, bond, or mutual fund may drop in reaction to events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Interest Rate Risk** - Changes in interest rates may cause prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk** - When any type of inflation is present, purchasing power is eroding at the rate of inflation.
- **Currency Risk** - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk** - This is the risk that future proceeds from investments may be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Liquidity Risk** - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are liquid while real property is not.
- **Option Risk** - Certain investment strategies offered by us may make use of options. These options run the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of the underlying stock. This imbedded leverage in the option contract may compound gains and losses.

#### **Item 9: Disciplinary Information**

There are no legal, regulatory or disciplinary events to report.

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

We are not an SEC registered broker. We are an exempt commodity trading adviser. We are an applicant for FINMA membership. Apart from our relationship with Aquila Ltd, we do not have affiliations with other financial service firms. All relationships are for contracted services only and no affiliation is created by way of these service agreements.

Under the terms of the Agreement, Aquila Ltd provides us with legal, compliance support for the CCO, accounting, back office and IT services.

Aquila Ltd makes available to us (and to all Aquila-affiliated firms via its intranet) macroeconomic, asset allocation and investment research ("Research"). We do not have a contact at Aquila Ltd for this Research.

Mr Cotting is a Director of Aquila Ltd, a Director (Board member) of other Aquila Ltd-related companies and one of our Directors (Board member). To address this conflict of interest, we require him to recuse himself from discussions at our Board meetings on matters concerning Aquila Ltd, and *vice versa*. We require him to certify quarterly that he does not have any of our Confidential Client Information (defined below).

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

We have a Code of Ethics ("Code") that defines how we act to protect against the misuse of Confidential Client information (as defined in our Code). Our Code applies to all persons associated with us, including our Supervised Persons (officers, Directors and employees) and the Associated Persons of Aquila Ltd as our Participating Affiliate. All Supervised Persons are Access Persons (defined in our Code). The Code covers standards of conduct, pre-clearance and reporting of personal securities trading in Reportable Securities (defined in the Code), acknowledgment of the receipt of the Code, review and enforcement processes. It includes our policies and procedures on outside activities.

Supervised Persons must acknowledge the terms of the Code at least annually or when it is amended. Any individual not in compliance with the Code may be subject to discipline up to and including termination.

Supervised Persons may buy or sell securities for their own accounts but may not buy securities identical to those recommended to or held by clients without prior written clearance and subject to compliance with controls (including a blackout period and monitoring and testing), or on the Special Picks list. The Code is designed to ensure that the personal securities transactions, activities and interests of Supervised Persons do not interfere with (i) making decisions in the best interests of clients and (ii) implementing such decisions while, at the same time, allowing Supervised Persons to invest for their own accounts. Nonetheless, because the Code in some circumstances would permit Supervised Persons to hold the same securities as clients, there is a possibility that Supervised Persons might benefit from market activity by a client in a security owned by both. Pre-clearance is designed to prevent “front-running” and “trading with” clients. Supervised Persons trading is monitored under the Code, and to prevent or address conflicts of interest.

We protect all client data and person information under relevant Swiss law and, as applicable, Regulation S-P. In this regard, Swiss data protection law is not EU GDPR.

You may obtain a copy of the Code by contacting us at + 41 58 680 61 93 or [cominfo@aquila-finvision.ch](mailto:cominfo@aquila-finvision.ch).

#### **Item 12: Brokerage Practices**

We do not trade for our own account or with a client.

We do not effect cross trades between discretionary clients.

We generate our own research. We have access to Research from Aquila Ltd for which we do not pay a fee under the Agreement. We receive research from custodian banks for which we do not pay a fee. We do not receive soft dollar benefits from brokers, counterparties or custodian banks in connection with client securities transactions. We do not buy research with client assets.

We do not receive client referrals from brokers.

We do not engage in directed brokerage.

We do not accept orders from or solicit U.S. clients to buy or sell securities.

We place orders to buy or sell securities with the trading desk of the custodian that holds client Assets. To satisfy our best execution obligations, we require that trading desk provide us quarterly with best execution and the analysis and data that they use to establish whether they received best execution.

When circumstances dictate, we will aggregate trades for multiple clients or accounts. Orders for the same security entered on behalf of more than one client will be aggregated subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. All clients participating in each aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro-rata portion of commissions.



We have trade error policies and procedures that provide for the resolution of transactional errors. Once discovered, transaction errors are to be rectified as soon as possible. It is our policy to resolve any error identified in a client account in a manner that avoids harm to the client. Clients receive gains, we bear losses and we do not net gains against losses.

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

Accounts are reviewed quarterly and activity monitored on a continuous basis to help ensure portfolio management and trading consistent with client investment objectives and restrictions. Other reviews may be triggered by market events, political changes, changes in the economy or other events. Clients receive quarterly statements from custodians that include account activity, beginning and ending balances and current values. We receive these and trade confirmations for each transaction.

Client meetings are encouraged and are scheduled quarterly or less frequently as specific situations dictate. Supplemental written reports, with more detailed information including investment performance, are provided to clients upon request.

#### **ITEM 14: Client Referrals and Other Compensation**

We do not receive any economic benefits or compensation from any firm or individual for providing investment advice. We are compensated exclusively by our clients. We do not have in place a client referral/solicitor arrangement.

#### **Item 15: Custody**

Aquila Ltd holds as custodian the Assets of our non-U.S. clients. Under the July 1992 SEC Staff no-action letter *Uniao de Bancos de Brasileiros S.A.*, the custody rule does not apply with respect to these non-U.S. clients. As unaffiliated custodians hold U.S. client assets, we do not have custody for these U.S. clients.

#### **ITEM 16: Investment Discretion**

We have a limited power of attorney to act on a discretionary basis on behalf of clients, which allows us to execute trades on behalf of clients. We have the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy investment objectives. We observe any limitation or restriction to such authority on the account. All limitations and restrictions are in the Mandate.

#### **ITEM 17: Voting Client Securities**

We vote proxies for our non-U.S. clients. If a U.S. client delegates proxy voting authority to us or gives us instructions on a specific proxy, we will vote according to our policies and procedures and the instructions in the Mandate. If a U.S. Client does not give us the authority to vote proxies, we will not vote proxies. These U.S. clients should work with their custodians to ensure they receive proxies and other solicitations for securities held in their segregated account.

Under our proxy voting policies and procedures, we agree voting parameters with clients, identify and disclose conflicts of interest in the proxy voting process and have clear means to address (mitigate) these. We will consider all relevant information and material risks in investment analysis, the proxy decision making and voting process, and monitor activities.

We research, make decisions and vote proxies in the best interests of our clients. We will vote in favor of proposals that we believe will benefit long-term sustainable returns and address conflicts of interest. It is possible that we may opt not to vote a proxy.

If clients in two or more strategies have different interests in a proposal, the voting decisions are made according to the relevant Mandate and in the best interest of the clients of that strategy.

Voting decisions incorporate our and external analysis and research. We keep records of all proxy materials, voting decisions and the vote (or no vote).

Information on how we voted with respect to the securities of a U.S. client will be made available to such U.S. client by request.

Our policy and its procedures are reviewed on an annual basis.

You may obtain a copy of our proxy voting policies and procedures by contacting us at + 41 58 680 61 93 or [cominfo@aquila-finvision.ch](mailto:cominfo@aquila-finvision.ch).

#### **ITEM 18: Financial Information**

We have nothing to report.