

# Vicon Capital Partners LLC dba BlueReef Capital Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Vicon Capital Partners LLC dba BlueReef Capital. If you have any questions about the contents of this brochure, please contact us at (424) 272-0502 or by email at: [info@BlueReefCapital.com](mailto:info@BlueReefCapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Vicon Capital Partners LLC dba BlueReef Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Vicon Capital Partners LLC dba BlueReef Capital's CRD number is: 300405.*

495 Brickell Ave #1407  
Miami, FL 33131  
(424) 272-0502  
[info@BlueReefCapital.com](mailto:info@BlueReefCapital.com)  
<https://BlueReefCapital.com>

*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 3/12/2020

## **Item 2: Material Changes**

Vicon Capital Partners LLC dba BlueReef Capital has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management.....	8
Item 7: Types of Clients.....	8
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss.....	9
Item 9: Disciplinary Information.....	13
Item 10: Other Financial Industry Activities and Affiliations.....	14
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12: Brokerage Practices.....	16
Item 13: Review of Accounts.....	19
Item 14: Client Referrals and Other Compensation.....	20
Item 15: Custody.....	20
Item 16: Investment Discretion.....	21
Item 17: Voting Client Securities (Proxy Voting).....	21
Item 18: Financial Information.....	21
Item 19: Requirements For State Registered Advisers.....	22

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Vicon Capital Partners LLC dba BlueReef Capital (hereinafter "BlueReef") is a Limited Liability Company organized in the State of Delaware. The firm was formed in February 2018, and the principal owners are Jose Vitela and Alejandro Augusto Contreras.

### B. Types of Advisory Services

#### *Portfolio Management Services*

BlueReef offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BlueReef creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

BlueReef evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BlueReef will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

BlueReef seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of BlueReef's economic, investment or other financial interests. To meet its fiduciary obligations, BlueReef attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, BlueReef's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is BlueReef's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

#### *Selection of Other Advisers Services*

BlueReef will recommend third-party investment advisers to clients to manage all or a portion of the client's assets. Before selecting other advisers for clients, BlueReef will always ensure those other advisers are properly licensed or registered as an investment

adviser. BlueReef conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. BlueReef then makes investments with a third-party investment adviser by referring the client to the third-party adviser. BlueReef will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### ***Services Limited to Specific Types of Investments***

BlueReef generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements, although BlueReef primarily recommends mutual funds. BlueReef may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

BlueReef offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. BlueReef does not participate in wrap fee programs.

## E. Assets Under Management

BlueReef has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	December 2019

## Item 5: Fees and Compensation

### A. Fee Schedule

Lower fees for comparable services may be available from other sources.

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$100,000	1.00%
\$100,001 - \$250,000	0.90%
\$250,001 - \$1,000,000	0.80%
\$1,000,001 - \$5,000,000	0.70%
\$5,000,001 - \$10,000,000	0.60%
\$10,000,001 - \$50,000,000	0.50%
\$50,000,001 – And Up	0.40%

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period. The fee schedule is a blended tier schedule.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of BlueReef's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 10 days' written notice.

#### *Selection of Other Advisers Fees*

BlueReef will receive its standard fee on top of the fee paid to the third-party adviser. This relationship will be memorialized in each contract between BlueReef and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency.

BlueReef will recommend clients to Betterment, LLC. The annual fee schedule is as follows:

<b>Total Assets Under Management</b>	<b>BlueReef's Fee</b>	<b>Third Party's Fee</b>	<b>Total Fee</b>
\$0 - \$100,000	1.00%	.25%	1.25%
\$100,001 - \$250,000	0.90%	.25%	1.15%
\$250,001 - \$1,000,000	0.80%	.25%	1.05%
\$1,000,001 - \$5,000,000	0.70%	.25%	.95%
\$5,000,001 - \$10,000,000	0.60%	.25%	.85%
\$10,000,001 - \$50,000,000	0.50%	.25%	.75%
\$50,000,001 – And Up	0.40%	.25%	.65%

BlueReef uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

BlueReef fees are negotiable. The fees that Betterment, LLC charges are non-negotiable.

### ***Financial Planning Fees***

#### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$0 and \$25,000.

Clients may terminate the agreement without penalty, for full refund of BlueReef's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in advance.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Betterment LLC as third-party adviser are withdrawn by Betterment LLC directly from client accounts. BlueReef then receives its portion of the fees from Betterment LLC; BlueReef does not directly deduct the advisory fees. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BlueReef. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

BlueReef collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither BlueReef nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

BlueReef does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

BlueReef generally provides advisory services to Individuals.

There is no account minimum for any of BlueReef's services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

BlueReef's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. BlueReef uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

BlueReef uses long term trading, short term trading, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

BlueReef may recommend unusually risky investments to clients. For example: Wherever appropriate, BlueReef may recommend portfolios which include exposure to investment categories such as global technology equities, emerging market equities, and other historically volatile segments of the capital markets.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### *Investment Strategies*

BlueReef's use of margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

BlueReef's use of margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither BlueReef nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BlueReef nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Jose Luis Vitela is an investment adviser representative with another investment advisory firm, Core Financial Partners, Inc., and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. BlueReef always acts in the best interest of the client and clients are in no way required to use the services of any representative of BlueReef in connection with such individual's activities outside of BlueReef.

Alejandro Augusto Contreras is a real estate broker or dealer. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Vicon Capital Partners LLC dba BlueReef Capital always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BlueReef Capital in their capacity as a real estate dealer or broker.

Alejandro Augusto Contreras is the Global Director of FlexFunds. FlexFunds is a company that helps institutional investors to create a platform for distributing investment products all over the world. He will not offer clients and services from this outside business activity. BlueReef always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of BlueReef in such individual's outside capacities.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its

employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

BlueReef may direct clients to third-party investment advisers. BlueReef will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that BlueReef has an incentive to direct clients to the third-party investment advisers that provide BlueReef with a larger fee split. BlueReef will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. BlueReef will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where BlueReef is recommending the adviser to clients.

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

#### **A. Code of Ethics**

BlueReef has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. BlueReef's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

BlueReef does not recommend that clients buy or sell any security in which a related person to BlueReef or BlueReef has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BlueReef may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BlueReef to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BlueReef will always

document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BlueReef may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BlueReef to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, BlueReef will never engage in trading that operates to the client's disadvantage if representatives of BlueReef buy or sell securities at or around the same time as clients.

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

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on BlueReef's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. This means that BlueReef seeks a custodian/broker-dealer that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. BlueReef considers a range of factors, including but not limited to:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Proficiency in facilitating timely transfers and payments to and from accounts.
- Availability of investment research and tools that assist us in making investment decisions.
- Competitiveness of the price of those services and willingness to negotiate the prices. [Clients will not necessarily pay the lowest commission or commission equivalent.]
- Quality of services.
- Reputation, financial strength, and stability.
- Prior service to us and our other clients.

MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker-dealer, member SIPC, will be the qualified custodian for client accounts using Betterment LLC and/or Betterment Institutional. BlueReef is independently owned and operated; it is not affiliated with Betterment Securities. Clients will open the account with Betterment Securities by entering into an account agreement directly with them. While we do not open the account for you, we may assist you in doing so.

## ***1. Research and Other Soft-Dollar Benefits***

While BlueReef has no formal soft dollars program in which soft dollars are used to pay for third party services, BlueReef may receive research, products, or other services from its broker/dealer in connection with client securities transactions (“soft dollar benefits”) consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. BlueReef benefits by not having to produce or pay for the research, products or services, and BlueReef will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that BlueReef’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

**BROKERAGE AND CUSTODY COSTS** - For client accounts that Betterment Securities maintains, Betterment Securities generally does not charge separately for custody services. It is instead compensated as part of the Betterment Institutional platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. BlueReef has determined that having Betterment Securities execute trades is consistent with its duty to seek “best execution” of trades (see above).

**SERVICES AVAILABLE TO BlueReef VIA BETTERMENT INSTITUTIONAL** -Betterment Securities serves as broker-dealer to Betterment Institutional, an investment and advice platform serving independent investment advisory firms. Betterment Institutional also offers available various support services, which may not be available to its retail customers. Some of those services help BlueReef manage or administer client accounts, while others help us manage and grow our business. Betterment Institutional’s support services are generally available on an unsolicited basis (BlueReef does not have to request these services) and at no additional charge to BlueReef. The following is a more detailed description of Betterment Institutional’s support services:

1. **SERVICES THAT BENEFIT THE CLIENT.** Betterment Institutional includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities’ services described in this paragraph generally benefit clients and their accounts.
2. **SERVICES THAT MAY NOT DIRECTLY BENEFIT CLIENTS.** Betterment Institutional also makes available to BlueReef other products and services that benefit BlueReef, but may not directly benefit the client or client accounts. These products and services assist BlueReef in managing and administering client accounts, such as software and technology that may:
  - Assist with back-office functions, recordkeeping, and client reporting of our accounts.
  - Provide access to client account data (such as duplicate trade confirmations and account statements).
  - Provide pricing and other market data.
  - Assist with back-office functions, recordkeeping, and client reporting.

3. SERVICES THAT GENERALLY BENEFIT ONLY US. By using Betterment Institutional, we will be offered other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events.
- Consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession.

#### BlueReef'S INTEREST IN BETTERMENT SECURITIES' SERVICES

The availability of these services from Betterment Institutional benefits BlueReef because we do not have to produce or purchase them. In addition, BlueReef does not have to pay an additional fee for Betterment Securities' services, although these services may be contingent upon BlueReef committing a certain amount of assets to Betterment Securities for custody. BlueReef has an incentive to have clients maintain their accounts with Betterment Securities based on BlueReef's interest in receiving Betterment Institutional's and Betterment Securities' services that benefit our business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. However, the availability to us of Betterment Institutional's and Betterment Securities' products and services is not based on BlueReef giving particular investment advice, such as buying particular securities for its clients. Moreover, BlueReef believes that use of Betterment Securities as custodian and broker-dealer is in the clients' best interests and consistent with BlueReef's fiduciary duty. BlueReef's selection of Betterment Securities is primarily supported by the scope, quality, and price of services (described above) rather than Betterment Institutional's and Betterment Securities' services that benefit BlueReef directly.

### ***2. Brokerage for Client Referrals***

BlueReef receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

BlueReef may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to BlueReef to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless BlueReef is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If BlueReef buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, BlueReef would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. BlueReef would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for BlueReef's advisory services provided on an ongoing basis are reviewed at least Quarterly by Jose Vitela, Principal , with regard to clients' respective investment policies and risk tolerance levels. All accounts at BlueReef are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Jose Vitela, Principal . Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, BlueReef's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of BlueReef's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BlueReef will receive compensation from third-party advisers to which it directs clients.

We receive a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Betterment for Advisors' and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **B. Compensation to Non - Advisory Personnel for Client Referrals**

BlueReef does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When it deducts fees directly from client accounts at a selected custodian, BlueReef will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Custody of client's accounts is held primarily at the client's custodian. Betterment Securities maintains actual custody of your assets. Your statements will be available for you to review on the activity section of your Betterment for Advisors account portal. You will also receive account statements directly from Betterment Securities at least quarterly at [www.bettermentsecurities.com](http://www.bettermentsecurities.com). You should carefully review those statements promptly.

when advisory fees are deducted directly from client accounts at client's custodian, BlueReef will be deemed to have limited custody of a client's assets. For fees deducted directly from client accounts, in states that require it, BlueReef will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Utilize a custodian that sends at least quarterly statements reflecting all additions and deductions, including the amount of advisory fees.

(C) Send the qualified custodian written notice of the amount of the fee to be deducted and send the client a written invoice upon or prior to fee deduction itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

## **Item 16: Investment Discretion**

BlueReef provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, BlueReef generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## **Item 17: Voting Client Securities (Proxy Voting)**

BlueReef will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

BlueReef neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BlueReef nor its management has any financial condition that is likely to reasonably impair BlueReef's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

BlueReef has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

The education and business backgrounds of BlueReef's current management persons, Jose Luis Vitela and Alejandro Augusto Contreras, can be found on the Form ADV Part 2B brochure supplements for those individuals.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

BlueReef does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither BlueReef, nor its management persons, has any relationship or arrangement with issuers of securities. See Item 10.C and 11.B.