

# Fleurus Investment Advisory, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Fleurus Investment Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 919-4980 or by email at: [jeff@fleurus-ia.com](mailto:jeff@fleurus-ia.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 Fleurus Investment Advisory, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Fleurus Investment Advisory, LLC's CRD number is: 172257.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Fleurus Investment Advisory, LLC on March 25, 2016 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- Fleurus Investment Advisory, LLC has added Financial Planning services. (Item 4.B., Item 5.A.,5.B.,Item 13.A, 13.B., & 13C.)
- Fleurus Investment Advisory, LLC has updated their office address. (Cover Page)

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## Item 4: Advisory Business

### *Business Description*

We provide services to individuals, high-net-worth individuals and charitable organizations using mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities and non-U.S. securities. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client’s interests first and must fully disclose any potential conflict of interest. We do not hold customer funds or securities.

### **A. Description of the Advisory Firm**

Fleurus Investment Advisory, LLC (hereinafter “Fleurus IA”) is a Limited Liability Company organized in the State of Connecticut.

The firm was formed in May 2014, and the principal owner is Jean-Francis Lopez de Valdivia.

### **B. Types of Advisory Services**

#### *Portfolio Management Services*

Fleurus IA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Fleurus IA 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

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

Fleurus IA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Fleurus IA’s economic, investment or other financial interests. To meet its fiduciary obligations, Fleurus IA attempts to avoid, among other things, investment or trading practices that

systematically advantage or disadvantage certain client portfolios, and accordingly, Fleurus IA'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 Fleurus IA's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***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.

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

Fleurus IA generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities and non-U.S. securities, although Fleurus IA primarily recommends index mutual funds and ETFs. Fleurus IA may use other securities as well to help diversify a portfolio when applicable.

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

Fleurus IA 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 impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Fleurus IA from properly servicing the client account, or if the restrictions would require Fleurus IA to deviate from its standard suite of services, Fleurus IA reserves the right to end the relationship.

## **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, fund expenses, and other administrative fees. Fleurus IA does not participate in any wrap fee programs.

## **E. Assets Under Management**

Fleurus IA has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 13,100,000.00	\$0	October 2017

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Asset-Based Fees for Portfolio Management*

Total Assets Under Management	Annual Fee
Up to \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.875%
\$2,000,000 - and up	0.75%

These fees are generally non-negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of Fleurus IA's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Fleurus IA offers financial planning services for no additional fee, to on-going portfolio management clients.

Fleurus IA bills based on the balance on the first day of the billing period.

#### *Financial Planning Fees*

##### **Hourly Fees**

The hourly fee for this service is \$ 250, and the total financial plan cost is not to exceed \$5,000 as a whole. These fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

### B. Payment of Fees

#### *Payment of Asset-Based Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance.

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

Hourly Financial Planning fees are paid via check. Fees are paid upon completion of the financial plan.

### **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 Fleurus IA. Please see Item 12 of this brochure regarding broker-dealer/custodian.

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

Fleurus IA collects fees in advance. Refunds for fees paid in advance will be 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 the balance of the fees collected in advance minus the daily rate\* times the number of days 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.)

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

Neither Fleurus IA nor its supervised persons accept any compensation for the sale of securities or other 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**

Fleurus IA 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**

Fleurus IA generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations

## *Minimum Account Size for Portfolio Management*

There is no account minimum.

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

## **A. Methods of Analysis and Investment Strategies**

### *Methods of Analysis*

Fleurus IA's methods of analysis include charting analysis, fundamental analysis, quantitative analysis and modern portfolio theory.

**Charting analysis** involves the use of patterns in performance charts. Fleurus IA uses this technique to search for patterns used to help predict 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.

**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.

**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.

### *Investment Strategies*

Fleurus IA uses long term trading.

**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.

**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.

**Quantitative Model Risk:** 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.

**Modern Portfolio Theory** assumes that investors are risk adverse, 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.

### ***Investment 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.

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

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

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. Client exposure to equity securities will be primarily through mutual funds.

**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. Client exposure to fixed income securities will be primarily through mutual funds.

**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.

**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. Client exposure to commodities will be entirely through ETFs.

**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. Client exposure to non-U.S. securities will be primarily through mutual funds.

**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 Fleurus IA 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 Fleurus IA 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**

Neither Fleurus IA nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

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

Fleurus IA does not utilize nor select third-party investment advisers. All assets are managed by Fleurus IA management.

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

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

Fleurus IA 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. Fleurus IA's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of Fleurus IA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Fleurus IA 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. Fleurus IA 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 Fleurus IA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Fleurus IA 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, Fleurus IA will never engage in trading that operates to the client's disadvantage if representatives of Fleurus IA 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

Fleurus IA uses ----- as custodian and recommends that its client use the same custodian in order to minimize administrative issues and costs.

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

While Fleurus IA has no formal soft dollars program in which soft dollars are used to pay for third party services, Fleurus IA may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Fleurus IA may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Fleurus IA does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Fleurus IA benefits by not having to produce or pay for the research, products or services, and Fleurus IA will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that Fleurus IA's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

Fleurus IA 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*

Fleurus IA prefers, but will not require, that clients use a specific broker-dealer to execute transactions.

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

Fleurus IA does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Reviews of Accounts**

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

All client accounts for Fleurus IA's advisory services provided on an ongoing basis are reviewed at least monthly by Jean-Francis Lopez de Valdivia (aka Jeff de Valdivia), Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Fleurus IA are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Jean-Francis Lopez de Valdivia (aka Jeff de Valdivia), President. There is only one level of review for financial plans, and that is the total review conducted to create the financial plan.

### **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, Fleurus IA's services will generally conclude upon delivery of the financial plan.

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

Each client of Fleurus IA'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)**

Fleurus IA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Fleurus IA's clients.

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

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

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, Fleurus IA will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

Fleurus IA provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Fleurus IA 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.

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

Fleurus IA 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**

Fleurus IA 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 Fleurus IA nor its management has any financial condition that is likely to reasonably impair Fleurus IA's ability to meet contractual commitments to clients.

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

Fleurus IA 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**

Fleurus IA currently has only one management person: Jean-Francis Lopez de Valdivia. (aka Jeff de Valdivia) Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

### **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. How Performance-based Fees are Calculated and Degree of Risk to Clients**

Fleurus IA 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)**

See Item 10.C and 11.B.