



COMMONWEALTH OF
PUERTO RICO

Office of the Commissioner of
Financial Institutions

Rafael Blanco-Latorre, Esq.
Commissioner

August 7, 2015

Jose A. Sosa, Esq.
Fiddler, Gonzalez & Rodríguez, P.S.C.
P.O. Box 363507
San Juan, Puerto Rico 00936-3507

RE: ORGANIZATION OF GLOVISTA TACTICAL ASSET ALLOCATION FUND, LLC AND DETERMINATION OF NO-OBJECTION

Dear Mr. Sosa:

We make reference to your letter dated May 21, 2015 (the "Letter"), as well as multiple conversations held in connection with the organization of the Glovista Tactical Asset Allocation Fund, LLC (the "Fund"). We also refer to a request for an administrative determination of no-action in connection with the organization of the Fund, filed on July 10, 2015 (the "Request for No-Action").

On behalf of your client, Glovista Investments, LLC ("Glovista"), in the Letter you request authorization from the Office of the Commissioner of Financial Institutions (the "Office") for the creation of a new non-diversified, open-end, redeemable at will, management investment company, and certain rulings and waivers (collectively, the "Ruling") under the provisions of Act Number 93 of July 30, 2013, as amended, known as the Puerto Rico Investment Companies Act of 2013 (the "Act"). In the Request for No Action you request the Office to issue a determination that based on the facts and assumptions submitted therein the Office has no objection to the organization of the Fund and that the Office will seek no action against the Fund in connection with the 20% investment requirement in Puerto Rico Assets described in Section 11(Q) of the Act as long as the Fund does not purchase or holds securities issued by the Commonwealth of Puerto Rico, the United States, any state or territory of the United States, or any instrumentality or political subdivision thereof.

The determinations sought in the Letter and in the Request for No-Action are for the benefit of the Fund, which your client intends to register as an investment company under the provisions of the Act. In support of your requests you submit that the granting of the requested rulings and waivers is in accordance with the public policy of the Government of Puerto Rico in promoting the creation of local investment companies. In addition, you further represent that you believe the waivers to certain provisions of the Act are consistent with past experience of investment companies registered under the



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Act and are necessary and convenient for the public interest and are compatible with the protection of investors in the Fund.

REQUEST FOR DETERMINATION OF NO-ACTION

As stated above, the Fund supplemented its request for authorization to organize under the Act and sought a determination of "no action" in connection with its representation to the effect that the 20% investment requirement found in Section 11(Q) of the Act was not applicable to the Fund. In support of this request the Fund submitted the opinion of its legal counsel dated July 10, 2015 (the "Fund Counsel's Opinion").

In essence, Fund Counsel's Opinion states that Act 137-2013 amended Act 93-2013 to include the following language to subsection Q of Section 11 to read as follows:

"(Q) In the event that it has purchased securities issued by the Commonwealth of Puerto Rico, the United States, any state or territory of the United States, or any instrumentality or political subdivision thereof, invest, one year after its date of registration as a registered investment company, less than twenty percent (20%) of its assets in: (a) stocks, bonds, or obligations of a domestic corporation or partnership, or a foreign corporation or partnership not less than eighty percent (80%) of the gross income of which during the last three (3) years constitutes income related to the conduct of a business in Puerto Rico (including, but not limited to, any instrument issued by a company registered in the Puerto Rico Stock Index of the Government Development Bank for Puerto Rico); (b) mortgage loans, or participation in mortgage loans, on residential properties located in Puerto Rico; (c) obligations issued or guaranteed by the Commonwealth of Puerto Rico, its political subdivisions, agencies or instrumentalities; or (d) exempt investment trusts, including those eligible under Section 1112.02 of Act No. 1-2011, (e) eligible activities and business as defined in Section 1112.02(d), (e), (g), and (h) of Act No. 1-2011; or (f) any other investment that the Commissioner may prescribe through administrative determination, order, or regulations." (Emphasis added.)

Given the above, it is submitted that the proviso (cited above, in bold) added to subsection Section 11(Q) of the Act qualified or conditioned the restriction to have no less than 20% of a Fund's assets in Puerto Rico Assets to a Fund that has purchased securities issued by the Commonwealth of Puerto Rico,



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the United States, any state or territory of the United States, or any instrumentality or political subdivision thereof.

In further support of this submission, Fund Counsel's opinion refers to the legislative history of the amendment to subsection (Q) of Section 11 of the Act and indicate that it clearly suggests that the intention was that the 20% investment requirement does not apply to investment companies that do not invest in securities issued by the Commonwealth of Puerto Rico, the United States, any state or territory of the United States, or any instrumentality or political subdivision thereof, such as the Fund. The Report Recommending the Adoption of Act 137-2013 (Senate Bill 778) filed in the Senate by the Government, Government Efficiencies and Economic Innovations Committee on November 7, 2013 (the "Senate Report") is cited as follows:

"The Commission also suggests that the requirement of 20% investment in Puerto Rico is applicable only to those funds that invest in the purchase of exempt bonds. Other strategies in Puerto Rico will not get enough variety and quantity of securities and therefore would not be viable. This change has the potential to turn Puerto Rico into an international financial center for foreign investors who want to put their money within the jurisdiction of the United States, but do not want to buy funds under the requirements of the [U.S. Investment Company Act], given costs corresponding compliance." (Your translation.)

Fund Counsel further refers to the fact that the Social and Economic Development and Planning Committee and the Treasury and Budget Committee of the House of Representatives issued a report similar to the Senate Report on November 14, 2013 (the "House Report") endorsing the adoption of Act 137-2013 and in regards to the 20% investment requirement it made an identical statement to the statement cited above made in the Senate Report.

In view of the above, the Fund Counsel's Opinion concluded that, based on the facts and assumptions stated below and those included therein, the Fund will not be subject to the 20% investment requirement in Puerto Rico Assets described in Section 11(Q) of the Act because the Fund at no time will purchase securities issued by the Commonwealth of Puerto Rico, the United States, any territory of the United States, or any instrumentality or subdivision thereof.



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We have examined the Fund Counsel's Opinion and find no reason to disagree with it. In so concluding, we rely on the representations advanced by the Fund's legal counsel. Accordingly, in the dispositive part of this ruling we provide for a determination of no-action by the Office.

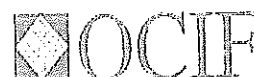
I. DEFINITIONS

For purposes of this administrative determination (the "Ruling"), unless otherwise specified below, the terms listed below shall have the following definitions:

- (1) "Affiliate" refers to a company owned, controlled or under common control by Glovista or Glovista PR.
- (2) "Interested Party" refers to the definition contained in Article 3(P) of the Act.
- (3) "Net Asset Value" or "NAV" refers to the number that is determined by subtracting the Fund's total liabilities from the Fund's total assets.
- (4) "Registration Statement" refers to the application for registration required to be filed with the Office pursuant to Article 6 of the Act.
- (5) "Total Assets" refers to the total market value of the Fund's portfolio securities (including, but not limited to, portfolio securities purchased with the proceeds of leverage) and cash, including cash equivalents, and non-cash, non-portfolio securities items (including, but not limited to, prepaid items, receivables, and swaps marked-to-market).
- (6) "Valuation Date" refers to the calculation of the Net Asset Value of the Fund, undertaken each business day by the administrator of the Fund.

II. ADMINISTRATIVE DETERMINATION ("RULING")

Relying on the substantive premises listed below and subject to strict adherence to the terms and conditions set out herein, the Office of the Commissioner of Financial Institutions (the "Office" or the "Commissioner") hereby **AUTHORIZES** the organization of the Fund under the Act and we hereby issue the following administrative resolutions and rulings pursuant to the provisions of the Act.



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III. SUBSTANTIVE PREMISES AND BASIS FOR THE RULING

In issuing this Ruling we rely on the factual representations, terms and conditions set out below. Given our reliance on these representations, terms and conditions, they are an integral part of this Ruling and strict adherence to the same is required for the validity of this Ruling:

IN GENERAL

- (1) Glovista is a limited liability company organized under the laws of the State of Delaware and is registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act").
- (2) Glovista's principal office and place of business is located at One Evertrust Plaza, Suite 1102, Jersey City, New Jersey.
- (3) Glovista PR is a limited liability company organized under the General Corporations Law Puerto Rico of 2009, as amended (the "Corporations Act") and is a "relying adviser" of Glovista and registered with the SEC as an investment adviser under the Advisers Act. Glovista PR shall serve the Fund and other investment advisory clients from within and outside of Puerto Rico. Glovista PR is under the control or under common control of Glovista and is an Affiliate of Glovista.
- (4) Glovista PR principal office and place of business is located at 269 Muñoz Rivera Avenue, San Juan, PR 00918.

CREATION OF THE FUND

- (5) The Fund will be organized as a Puerto Rico limited liability company ("LLC") under the Corporations Act.
- (6) The Fund will invest primarily in Exchange Traded Funds or "ETFs", US-listed equities and in fixed income securities. The Fund will not invest in securities issued by the Commonwealth of Puerto Rico, the United States, any other State or territory of the United States, or any of their respective instrumentalities or political subdivisions.



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(7) -- The Fund will not be subject to the 20% investment requirement in Puerto Rico securities as provided in Article 11(Q) of the Act since it will not invest in securities issued by the Commonwealth of Puerto Rico, the United States, any other State or territory of the United States, or any of their respective instrumentalities or political subdivisions. The Operating Agreement of the Fund will provide that the Fund would not be authorized to acquire securities issued by the Commonwealth of Puerto Rico, the United States, any other State or territory of the United States, or any of their respective instrumentalities or political subdivisions which would trigger the 20% investment requirement of Article 11(Q) of the Act. The Fund sought an Administrative Determination of No-Objection from the Office in connection with this subject, which request is being ruled upon in this same ruling.

(8) The Fund will register with the Office as a non-diversified "mutual fund", redeemable at will (subject to the dealing date schedule to be determined with the Fund administrator and other terms and conditions to be set forth in the Fund prospectus), open-end management investment company under the Act.

(9) As required by Article 11 of the Act, the Fund will operate under the supervision of a Board of Directors (the "Board"), of which at least the majority of its members will be persons unaffiliated with Glovista or Glovista PR within the meaning of Article 3(P) of the Act (the "Independent Directors")¹.

(10) Only the holders of Units of the Fund will have the authority to elect directors to the Board. However, vacancies may be temporarily filled as prescribed by the Fund's Operating Agreement until the next annual unitholder meeting, provided that after filling such vacancy, at least two thirds (2/3) of the directors in place have been elected by the Fund's unitholders.

(11) The directors elected to the Board of the Fund must comply with the restrictions contained in the Act relating to interested parties.

(12) A majority of the Board will be comprised of directors who are not directors, officials or employees of a given bank (along with its affiliates and subsidiaries) or of any bank's holding company.

¹ "Independent Director" refers to a Director that is not an "Interested Party."



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- (13) As required by Article 11(G) of the Act, at least two (2) of the Fund's directors, the Fund's President (or Vice President) and the Fund's Secretary (or Assistant Secretary) will be residents of Puerto Rico.
- (14) As required by Article 11(E) of the Act, the Fund's principal office will be located in Puerto Rico. The official books and records of the Fund will be physically maintained in Puerto Rico and shall be readily accessible to the Office as provided in the Act.
- (15) The Fund will hold its Board of Director's meetings as well as its annual meetings in Puerto Rico.
- (16) All vacancies will be filled within thirty (30) days following the procedure established by the Fund's operating agreement.
- (17) The investments of the Fund will initially be managed by Glovista PR (the "Investment Adviser"), subject to the approval of at least a majority of the Independent Directors, as permitted by Article 15 of the Act.
- (18) The contract between the Investment Adviser and the Fund for the management of the investments of the Fund (the "Investment Advisory Contract") will be approved by at least a majority of the Independent Directors. The contract will provide specific details as to the compensation that will be paid for the services rendered.
- (19) As required by Article 15 of the Act, the Investment Advisory Contract will be for a term that shall not exceed an initial term of two years, provided it is ratified at least annually by a majority of the Independent Directors. The Investment Advisory contract may be terminated at any time, without the payment of penalty, by a majority vote of the Fund's Independent Directors or by a majority vote of the holders of the outstanding voting units of the Fund, on 60 days' prior written notice to the Investment Adviser, or by the Investment Adviser at any time, without payment of penalty, on 60 days' prior written notice to the Fund.
- (20) The Investment Advisory Contract will not be sold, assigned or transferred to a third party.
- (21) Subject to the approval of the Independent Directors, the Investment Adviser may also enter into separate sub-investment advisory agreements with each of one or more sub-advisers (the "Sub-Adviser"). Subject to the approval of at least a majority of the Independent Directors, such Sub-Adviser



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is expected to be Glovista. The Fund will notify to the Office in the Registration Statement the entity that has been selected and appointed to serve as the Fund's Sub-Adviser.

(22) It is expected that the Independent Directors of the Fund will appoint an administrator for the Fund (the "Administrator"). The Administrator may also retain a sub-administrator. The Administrator shall have its principal office in the Commonwealth of Puerto Rico. The Administrator will provide the Fund with administrative services including, without limitation, preparing the Fund's financial statements, coordinating with the Fund's outside auditors in connection with their annual audit, monitoring and assisting in the Fund's compliance with all applicable laws and regulations, and calculating the Net Asset Value of the Fund. Said Administrator will not be an Affiliate of Glovista or Glovista PR. Subject to the approval of at least a majority of the Independent Directors, such Administrator is expected to be Banco Popular de Puerto Rico. The Fund will notify the Office in the Registration Statement the entity that has been selected and appointed to serve as the Fund's Administrator and as sub-administrator, if any.

(23) The investments of the Fund will be held by a custodian entity which will be located in Puerto Rico. Said custodian will not be an Affiliate of Glovista or Glovista PR. It is expected that the Independent Directors of the Fund will appoint a custodian for the Fund (the "Custodian"). Subject to the approval of the Independent Directors, it is expected that the Custodian will retain one or more sub-custodians (the "Sub-Custodian") for the purposes of holding book-entry securities by the Fund. Said Sub-Custodian will not be an Affiliate of Glovista or Glovista PR. Subject to the approval of at least a majority of the Independent Directors, such Custodian is expected to be Banco Popular de Puerto Rico. The Fund will notify to your Office in the Registration Statement the entity that has been selected and appointed to serve as the Fund's Custodian and as Sub-Custodian, if any.

(24) It is expected that the Independent Directors of the Fund will appoint a transfer agent for the Fund (the "Transfer Agent"). The Transfer Agent will not be an Affiliate of Glovista or Glovista PR. Subject to the approval of at least a majority of the Independent Directors, such Transfer Agent is expected to be Banco Popular de Puerto Rico. The Fund will notify the Office in the Registration Statement the entity that has been selected and appointed to serve as the Fund's Transfer Agent. The Transfer Agent will have the responsibility of ensuring that the Fund will be provided with the following services:

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- a. issuing and recording the appropriate number of Units, as authorized, and holding such Units in the appropriate unitholder account;



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- b. effecting transfers of Units by the registered owners thereof upon receipt of appropriate documentation issued by the Fund;
- c. preparing and transmitting payments for income and other distributions declared by the Fund;
- d. acting as agent for unitholders pursuant to any income reinvestment plan of the Fund; and
- e. issuing replacement certificates for those certificates alleged to have been lost, stolen or destroyed.

(25) Audits of the Fund will be conducted by Puerto Rico resident partners/managers of a nationally recognized public accounting firm with operations in Puerto Rico.

(26) The contract with the firm that the Fund retains to audit its financial statements ("Audit Contract") will be:

- a. Selected by a majority of the Independent Directors of the Board within ninety (90) days after the start of the fiscal year.
- b. Ratified in the annual unitholder meeting following its selection by the Board.

(27) Securities broker dealer firms operating in Puerto Rico may act as distributors or dealers in Units of the Fund or act as agents for the Fund (the "Underwriter").

(28) The contract between the Underwriter and the Fund for the sale of the securities that the Fund issues (the "Underwriting Contract") shall be approved by a majority of the Independent Directors.

(29) The Underwriting Contract will be for a term that shall not exceed two years, provided it is ratified at least annually by a majority of the Independent Directors.

(30) The Underwriting Contract shall not be sold, assigned or transferred to a third party.



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CAPITALIZATION OF THE FUND

(31) The Fund will seek to achieve its investment objective by issuing certificates of interests or units in the Fund (equivalent to shares of common stock) on a continuous basis, representing undivided interests in the Fund's assets (the "Units").

(32) The Fund will initially only offer Class A Units, Class C Units and Class I Units. Class A Units will charge a front-end sales charge, but not a redemption fee (except as provided below) and will be charged distribution and servicing fees and operating expenses. Sales charges, fees and expenses may differ within the Class A Units, depending on the amount invested. Class C Units will not charge a front-end sales charge, but will charge higher distribution and service fees than the Class A Units, and will be charged the same amount of operating expenses. Class I Units will be issued only to institutional investors and will not charge a front-end sales charge and will be charged the same amount of operating expenses. All classes of Units will have equal voting rights and equal participation in gains and losses. Additionally, in order to deter market-timing, a redemption fee equal to 1.00% of the Net Asset Value of the redeemed Units, may be applied to Units of any class that are redeemed within sixty (60) days of their acquisition; provided that such fees shall inure to the benefit of the holders of the Units of the Fund.

(33) The Fund will not issue preferred securities with voting rights or convertible preferred securities.

(34) The Fund intends to issue Units on a continuous basis as an open-end mutual fund but reserves the right to suspend such issuances when the Investment Adviser determines that a suspension of such issuances is, in its discretion, appropriate, subject to the ratification of the Board within five (5) business days.

(35) The Fund intends to effect daily redemptions of Units but reserves the right to temporarily delay or suspend such redemptions in cases:

- a. When banks in Puerto Rico or New York City are closed; or
- b. when the New York Stock Exchange is closed or trading on the New York Stock Exchange is restricted or suspended; or



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c. when an emergency exists that makes it not reasonably practicable for the Fund to dispose of securities owned by it or to determine fairly the market value of its assets; or

d. when the Investment Adviser determines that a suspension of redemption is, in its discretion, appropriate, subject to the ratification of the Board five (5) business days from the date when such issuances are suspended.

(36) Actions affecting all unitholders of the Fund will be voted on by all unitholders. As long as it is authorized in the Act, actions affecting only a given class will be voted on by all unitholders of that class, respectively.

(37) The Underwriter or group of Underwriters may reduce or waive in its entirety the sales load on sales of Units of the Fund in certain circumstances, as set forth in the Prospectus (hereinafter referred to as the "Sales Load Waivers"). The Fund may impose restrictions to the Sales Load Waivers under temporary unusual market conditions, based on their adverse effect to its operations such as in the event of engaging in excessive trading by the investor (more than four Sales Load Waivers granted within a calendar year), purchases in excess of 1% of the Total Assets or for any other justified restriction to be detailed in the Prospectus.

(38) The Fund may modify the Sales Load Waivers and exchange privileges described herein, as specifically detailed in the Prospectus.

(39) The Units will be offered and sold exclusively to (i) individuals who are residents of Puerto Rico and/or (ii) to corporations, partnerships or other business entities that have their principal place of business in Puerto Rico, through broker-dealers that are residents of Puerto Rico (together with (i), the "Puerto Rico Residents"). The Units are not otherwise available for subscription.

(40) Since the Units will be offered solely to Puerto Rico Residents, you represent that said Units shall be exempt from registration under section 3(a)(11) the U.S. Securities Act of 1933 (the "Securities Act") and the Fund shall be exempt from registration under Section 6(a)(1) of the U.S. Investment Company Act of 1940 (the "1940 Act"). Prior to the offering of the Units by the Fund, the Fund shall obtain an opinion of counsel to the Fund, with experience in U.S. securities laws, to the effect that the Units are exempt from registration under the Securities Act and that the Fund is exempt from registration under the 1940 Act.



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(41) The Fund will not present its unitholders with offers to acquire or exchange their non-preferred interests in the Fund or any other company, for other non-preferred securities on a basis that is not the value of the net assets (NAV) of the units to be exchanged, unless the terms of the offer are approved by the Commissioner or are in compliance with those requirements set forth by the Commissioner.

(42) The Fund will only sell its own securities below their net asset value (NAV) in the following circumstances:

- a. In relation to an offering to all unitholders with a right to vote.
- b. If it has the approval of those unitholders comprising over fifty percent (50%) of the Fund's Units with a right to vote.
- c. Under circumstances permitted by regulations issued by the Commissioner.

(43) The Fund will establish a dividend reinvestment plan pursuant to which unitholders of the Fund would be permitted to invest all or a portion of their cash dividends or distributions in additional Units. Any such plan must be disclosed in the Prospectus and must be presented to the Office prior to adoption, pursuant to the provisions of the Act.

(44) The Fund will only distribute dividends from the following sources: (a) its retained earnings (as determined by generally accepted accounting principles in the U.S. ("GAAP")), without including realized gains and losses resulting from the sale of securities or other property, or (b) current or past year's net income. Any distribution that does not come from the aforementioned sources will be accompanied by a written statement detailing the source(s) of the funds.

(45) The Fund will not issue securities as payment for services, or for properties that are not Units or securities (including securities issued by the Fund), except as a dividend, distribution to the Fund's unitholders or in relation to a reorganization.

INVESTMENT OBJECTIVES AND INVESTMENT PRACTICES OF THE FUND

(46) The Fund will follow what Glovista refers to as Global Tactical Asset Allocation Strategy or "GTAA." GTAA strategies provide access to multiple asset classes via tactical allocations to Global

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equities; (in markets such as the US, EAFE [Europe, Australasia and Far-East] and Emerging Markets), Global Fixed Income (Sovereign, Investment Grade and High Yield), Commodities and Currencies.

(47) The Fund would use listed equities, liquid listed Exchange Traded Funds or ETFs and other dollar denominated securities as well as listed Fixed Income instruments.

(48) The investment objective of the Fund is to generate returns by exploiting inefficiencies in the pricing of global and regional macro variables and in the valuation of out-of-favor asset classes, countries, sectors and currencies.

(49) The Fund investment strategy seeks to make tactical asset allocations based on a top-down global macro view, a cross-asset valuation analysis and cross-asset technical analysis. This analysis would be performed by Glovista PR as part of the investment advisory activities it will undertake as the Investment Advisor of the Fund.

(50) The Fund will seek to achieve its investment objectives by investing the net proceeds from the sale of its securities. The amount of cash available for investment by the Fund may come as a result of the sale, exchange, prepayment, maturity, or any other voluntary or involuntary disposition of a Fund asset or from the net proceeds from the sale of its securities. As used herein, "net proceeds from the sale of its securities" refers to cash received by the Fund from the sale of its securities, net of redemption and applicable redemption fees and sales charges.

(51) The Fund's investment policies would emphasize capital protection during times of market turmoil by using cash allocations and by reducing active risk exposures.

(52) During times of lower macro and market volatility, the Fund's investment policy would emphasize global equities so as to generate returns in a risk efficient manner by making country, sector and currency allocations to outperform the index as opposed to building the portfolio on the basis of bottom-up company analysis.

(53) The Fund would implement its investment strategy and policies in order to achieve its investment objective by: (i) investing in liquid listed ETFs and other major market listed securities; (ii); investing in dollar denominated bonds and fixed income securities, and (iii) investing in inverse ETFs to gain short exposure to particular asset classes; primarily as a hedge for the portfolio.

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- (54) The Fund's investments would normally be comprised of 10 to 15 ETFs, a few US listed equities and some dollar denominated bonds. These numbers of ETFs may change as the market changes over time.
- (55) The Fund's investment strategy is an actively managed strategy with high turnover ratios.
- (56) The Fund does not intend to use borrowings to effect leverage or to use leverage as an explicit part of its investment strategy.
- (57) The Fund will not authorize underwriters or distributors of its Units to offer loans or any other type of credit for the purchase of the Fund's securities ("Margin Investing") if those securities will be used as collateral for such loans or credit.

TRANSACTIONS INVOLVING AFFILIATES

- (58) The Fund will not employ as its broker any person who is a director, official or employee of Glovista or Glovista PR, or any person to which the director, official or employee is an Interested Party unless the majority of the directors of the Board are not brokers of Glovista or Interested Parties to any of Glovista's brokers.
- (59) A director, official or employee of the Fund, or an Interested Party of such director, official or employee, will not be selected as underwriter of the Fund's securities unless the majority of the directors of the Board are not affiliated with the underwriter or any Interested Party to such underwriter.
- (60) The Fund will not knowingly purchase securities from an underwriter syndicate (except securities issued by the Fund) whose underwriter is an official, director, member of an advisory board, investment adviser or employee of the Fund, or is a party to which such official, director, member of advisory board, investment adviser or employee is an affiliate; except if the Fund is the underwriter of such securities or if the transactions are conducted in accordance with the Fund's policies on transactions between affiliates adopted by the Board and filed with the Commissioner.

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PROSPECTUS AND SUPPLEMENTAL MARKETING MATERIALS

(61) In connection with the registration of the Fund under the Act, an offering document (the "Prospectus") will be prepared for the Fund.

(62) In connection with an offering of Units of the Fund, the Fund will state in the first page of the relevant Prospectus (each, a "Prospectus") and other marketing materials that (i) it is a non-diversified, closed-end investment company, as defined in the Act, and (ii) contain a specific cross-reference to the section of the Prospectus that discloses the risks associated with an investment in the Fund, including the risk of loss of principal.

(63) The Fund will emphasize on the cover page of any Prospectus and on any other marketing materials utilized in connection with the offering of any of its securities the fact that the Fund will not engage in leverage activities.

(64) Among other things, the Prospectus and marketing materials will clearly disclose to investors the following:

- a. The investment objective of the Fund;
- b. All fees payable by the Fund or by investors in the Fund, including the front-end fees and redemption fees for unitholders and the expected annual fees and other fees and expenses to be paid directly or indirectly by unitholders;
- c. That an investment in the Units is designed primarily and is suitable only for long-term investors, and may not be suitable to all investors;
- d. The diversification features of ETFs regardless of the Fund being designated as a "non-diversified" mutual fund under the Act;
- e. The risks associated with lower rated and below investment grade securities;
- f. That investors in the Units should not view the Fund as a vehicle for trading purposes;



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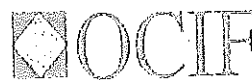
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- g. That an investment in the Fund is not equivalent to an investment in the underlying securities of the Fund;
- h. That a claim by any of the Fund's investors against the Fund, or the directors or officers of the Fund will be subject to the jurisdiction of the Puerto Rico courts, and therefore, arbitration proceedings will not be the sole forum to resolve any claims.
- i. That relationships and transactions between the Fund and the Investment Adviser or its affiliates will be executed pursuant to terms and conditions comparable to those under which the Fund could execute similar portfolio transactions with unrelated third parties in the ordinary course of business.
- j. Any supplementary marketing material that provides information with respect to the Fund's performance will also include the above disclosures.

(65) The Prospectus and the sales and marketing materials will be filed with the Office prior to their use. As part of any such filing, the Fund shall submit a certification of compliance, assuring the Office that the Prospectus or the marketing materials, as the case may be, complies with the provisions of this ruling as well as the applicable rules of communications with the public which govern any such document or materials. This certification shall also attest to compliance with the applicable provisions of the Regulation adopted pursuant to the Puerto Rico Uniform Securities Act, Puerto Rico Regulation No. 6078 ("Regulation 6078"). However, in the Letter you acknowledge that the fact that such documents are filed with the Office, and even when the Office initially comments on such filings, will not constitute a determination on the sufficiency or acceptability of the Prospectus or materials filed and the Office will retain the prerogative to act on such matters either in the context of a regular examination or upon its own initiative.

(66) If Tombstone Advertising is used, all applicable fees and charges must be included in such advertising. In addition to the fees and charges, the Tombstone Advertisement shall comply with the applicable provisions of Regulation 6078.

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/s/



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ANNUAL REPORTS

(67) The Fund will submit annual reports to the Commissioner which will include financial statements that have been audited by a Certified Public Accountant (CPA) with license to practice in Puerto Rico, and which have been prepared in accordance with U.S. GAAP. The Fund will also include all additional information, as well as provide with as many periodic reports, as required by the Commissioner.

(68) The Fund will distribute to its unitholders, at least annually and in the manner prescribed by the Commissioner's regulations, a report that contains the Fund's financial statements and the following information:

- a. A balance sheet accompanied by an expression as to the aggregate value of the investments as of the balance sheet date.
- b. A list of the quantities and values of the securities that are owned by the Fund.
- c. The revenues and expenses, for the period being reported, and each item that exceeds 5% of total revenue or total expenses, respectively.
- d. The surplus account, which shall detail at least each item that represents over 5% of all debits or credits for the period being reported.
- e. The compensation paid by the company for the period being reported to:
 - i. All directors and members of the Advisory Board, as regular compensation.
 - ii. All directors and members of the Advisory Board, as special compensation.
 - iii. All officials.
 - iv. Each party to which an official or director of the Fund is an affiliated party.



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f. The dollar value of the purchases and dispositions of securities for the period being reported.

g. The dollar value of its portfolio transactions entered into with each of the broker-dealers affiliated with the Fund and employed during the preceding fiscal year, as well as disclose the aggregate dollar value of its portfolio transactions entered into with broker-dealers not affiliated with the Fund, taken collectively.

h. Any other information that the Commissioner, by regulation, deems necessary.

i. In the event that a director, official, member of the Advisory Board, Investment Advisor, or an affiliated party of the Investment Adviser of the Fund is the beneficiary owner, direct or indirectly, of ten percent (10%) or more of a given class of securities, an expression as to the amount of securities that belongs to such party and the profits or losses associated to the transactions related to the securities.

(69) The Fund will display on a webpage of its choosing the following information:

a. All reports filed with the Commissioner's Office.

b. The Fund's prospectus.

c. Annual reports.

d. The securities that comprise its portfolio at the time of filing, and their fair market value.

e. The Fund's NAV.

f. The credit rating for all of the Fund's securities, when available and if any.

g. Any other information that is required, unless it is privileged under state or federal law.

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CLAIMS AGAINST THE FUND

(70) A claim by any of the Fund's unitholders against the Fund or the directors and officers of the Fund will be subject to the jurisdiction of the courts of the Commonwealth of Puerto Rico.

(71) No agreement will be executed between the Fund and its investors whereby arbitration proceedings will be the sole forum to resolve claims.

(72) If the Fund or any affiliated party to it is a named defendant in a suit filed by another investment company or one of its unitholders, or in a derivative lawsuit against an official, director, investment advisor, fiduciary or custodian of the Fund, it will provide the Commissioner with the following:

- a. All pleas, resolutions, or judgments of the suit.
- b. All transactions or offers to desist.
- c. All motions, transcripts or other documents of the suit.

REGISTRATION UNDER THE ACT

(73) The Fund will file a registration statement under the Act, in which it will set forth in detail the investment objectives of the Fund, its structure and all other matters required by the Act and the regulation issued thereunder.

(74) The initial registration fee that will be paid by the Fund shall be an amount equal to 3/100 of one percent (0.03%) of the Fund's initial capital. Thus, the initial registration fee shall be the amount of \$12,000.00 for the initial \$40,000,000.00 in Units offered by the Fund. Thereafter, the fee for the registration of additional Certificates of the Fund will be calculated pursuant to Article 10 of Act 93-2013, based upon the Fund's net sales of Certificates during each fiscal year in excess of \$40,000,000 in Certificates offered by the Fund. The Fund shall pay this fee in advance, as provided in the above-mentioned Article 10. For purposes of calculating the additional number of Certificates sold by the Fund, the net asset value of all Certificates sold in the preceding period will be reduced by the net asset value of all redemptions of outstanding Certificates for that same period. The phrase "preceding period" as used herein refers to the period starting on the last date of registration or additional

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registration of Fund Certificates and ending on the date when registration of additional Certificates is sought from your Office.

CODE OF ETHICS

(75) The Fund, by a vote of the Board including at least a majority of the Independent Directors, shall adopt and enforce a Code of Ethics (the "Code of Ethics") to govern the conduct of directors, officers, general partners, or investment advisers of the Fund, or any employee or person related to or affiliated with the Fund, who may enter in contact with non-public information regarding the trading of securities, containing, as a minimum, provisions reasonably necessary to prevent these persons from the following acts: (i) employing any device, scheme or artifice to defraud the Fund; (ii) making an untrue statement of a material fact to the Fund or omitting to state a material fact necessary in order to make the statements made to the Fund, in light of the circumstances under which they are made not misleading; (iii) engaging in any act, practice or course of business that operates or would operate as a fraud or deceit on the Fund; or (iv) engaging in any manipulative practice with respect to the Fund. The Code of Ethics will comply with the requirements of Article 8 of Regulation 8469.

(76) The Board shall take all appropriate steps to monitor and ensure compliance with the Code of Ethics.

(77) The Fund shall adopt procedures for transactions with Interested Parties, approved by at least a majority of the Independent Directors.

IV. ADDITIONAL RULINGS AND WAIVERS SOUGHT IN CONNECTION WITH CERTAIN REQUIREMENTS UNDER THE ACT

In addition to the provisions set out above and pursuant to the authority granted to this Office under Articles 37 and 45 of the Act² and based on strict adherence to the representations, terms and

² Article 37 of the Act empowers this Office to issue administrative determinations, issue, amend and repeal regulations and orders as necessary to exercise the powers conferred by the Act. In turn, Article 45 of the Act enables this Office to grant waivers to any person, security or transaction from any provision of the Act, to the extent and in the manner the Office understands is prudent, if it understands that such exception is necessary or appropriate for the public interest, and consistent with the protection of investors, the purposes of the Act and the public policy set forth in Article 2 of the Act.



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conditions specified in this Ruling, we hereby issue the following additional administrative determinations pursuant to the provisions of the Act:

(78) The Fund will be authorized to be organized as a LLC under the Corporations Act.

(79) The Fund will be allowed to include in its prospectus a discussion on the diversification features of ETFs regardless of the Fund being designated as a "non-diversified" mutual fund under the Act.

(80) The Fund will be allowed to state that it does not engage in leverage activities, notwithstanding the fact that the Fund will be allowed to engage in inverse ETFs strategies.

(81) For the purpose of computing the number of persons holding Units of the Fund in connection with such investment company's compliance with Article 11(P) of the Act, the beneficial owners of such Units shall be considered the holders, irrespective of whether such units are held in "street name" or by a fiduciary.

(82) Notwithstanding the provisions of Article 11(M) of the Act, the Fund shall be permitted to issue three classes of Units: Class A Units, Class C Units and Class I Units. The Class A Units, the Class C Units and the Class I Units shall have the same voting rights and participation in the earnings of the Fund. The only difference among such classes will be the charges paid by the classes. The Fund shall be permitted to issue other classes of Units as long as they are in compliance with the requirements of Article 11(M) of the Act.

(83) Pursuant to Article 4(E) of the Act, the Fund may borrow money from banks and other financial institutions for temporary or emergency purposes. This may include, among other things, financing requests for redemption that would otherwise require the untimely disposition of securities owned by the Fund, in an amount not to exceed 5% of the Total Assets.

(84) Upon the Office's approval of the Fund's registration statement and issuance of an investment company license under the Act, the Fund will be authorized to offer, issue, and sell its Units through public offerings.

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V. DETERMINATION OF NO-ACTION

(85) The Office would not object or recommend enforcement action in connection with its representation that the 20% investment requirement found in Section 11(Q) of the Act was not applicable to the Fund. Our confirmation of no objection is particularly sustained by your representations and Fund Counsel's Opinion that the Fund will not be subject to the 20% investment requirement in Puerto Rico Assets described in Section 11(Q) of the Act because the Fund at no time will purchase securities issued by the Commonwealth of Puerto Rico, the United States, any territory of the United States, or any instrumentality or subdivision thereof.

VI. SCOPE OF SANCTIONS FOR VIOLATION OF THE TERMS OF THIS RULING

(86) Upon the effective organization of the Fund, it shall be understood that the Fund's sponsor, the Fund's Investment Adviser and any affiliated sub-advisers agree that they may be directly responsible and subject to penalties and sanctions for material violations of the terms and conditions of this Ruling. It shall also be understood that in the event the Fund, the Fund's sponsor or the Fund's Investment Adviser enter into agreements with other parties to provide services to the Fund, such agreements must provide adequate and effective indemnity or contribution clauses which would allow the Fund to receive compensation from said service providers in the event they cause the Fund to engage in material violations of the terms and conditions of this Ruling. Such penalties or sanctions may be imposed by this Office and paid from funds other than moneys originating from the Fund. For purposes of this paragraph the phrase "material violations" means any violation that result out of gross negligence, reckless disregard or fraud.

(87) Unauthorized deviations from the terms and conditions of this Ruling, or from the practices contemplated by this Ruling, constitute violations of the Ruling that may give rise to administrative sanctions and penalties. For the purposes of this paragraph the phrase "unauthorized deviations" means any practice that materially departs from the terms and conditions of this Ruling and which has not been authorized in writing by this Office prior to the commencement of such new or modified practice.



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VII. CONDITIONS FOR THE VALIDITY OF THIS RULING

(88) The authorization to organize the Fund as contained in this ruling shall remain in effect for 180 days from the date hereof. Thereafter, it shall be void, unless further extensions of time are granted by this Office to organize the Fund.

(89) The foregoing rulings and waivers are granted based on the particular facts and circumstances of this Fund as described herein and, as such, shall not constitute a precedent binding upon this Office. This Office specifically retains the right to modify this ruling as public policy relating to this type of investment company may evolve.

(90) Given our reliance on the representations discussed above, any different fact or condition may require a different conclusion and the reversal of this ruling.

(91) Please note that our ruling today is solely directed to the questions discussed above. Moreover, please be advised that, unless otherwise exempted or waived herein, the Fund must comply with all applicable provisions of the Act and of all applicable regulations.

(92) No reliance may be sought on representations made in any ruling request or other related documents which are not specifically incorporated in the factual background contained in this ruling.

(93) At this time we do not address how other laws and regulations will or might apply to the Fund.

(94) The Fund will notify the Office of any future request for a ruling from any other Puerto Rico government agency. A copy of such ruling request shall be filed with the Office concurrently with the filing with such government agency for the Office's evaluation.

Cordially,