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**Item 1 - Cover Page**

# Brochure

## Monex Asset Management, Inc.

IARD# 148123

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Houston, Texas 77002  
713-877-8234

<https://www.monexwealthus.com>

May 28, 2026

This Brochure provides information about the qualifications and business practices of Monex Asset Management, Inc. (“Monex Asset Management,” “Firm,” “us,” “we” or “our”). When we use the words “you,” “your,” and “client,” we are referring to you as our client or our prospective client. We use the term “Associated Person” to refer to our officers, employees, and all individuals who provide investment advice on behalf of Monex Asset Management. If you have any questions about the contents of this Brochure, please contact us at 713-877-8234. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Monex Asset Management is registered as an investment adviser with the SEC. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Monex Asset Management, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Monex Asset Management as your adviser. 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 Monex Asset Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons required to be registered as investment adviser representatives of Monex Asset Management.

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## **Item 2 - Material Changes**

Please note that the “material changes” made to this Brochure since our last delivery or posting of the Brochure on the SEC’s public disclosure website (“IAPD”) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), are set forth below:

- Item 5 Fees and Compensation – Insurance Compensation was added
- Item 10 – Insurance Activities has been amended
- Item 11 – Insurance Product Conflicts has been added
- Item 14 – Insurance Compensation has been amended to include Indexed Universal Life policies.

In addition to the material changes set forth above, this version of the Brochure includes several minor editorial updates.

Currently, our Brochure may be requested, free of charge, by contacting Cesar Cazares at 713-877-8234.

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## **Item 4 - Advisory Business**

### ***Ownership***

Our principal owners are Monex Casa De Bolsa, S.A. de C.V., a financial intermediary as such term is defined in the Mexican Securities Market Law (“Ley del Mercado de Valores”). Monex Casa de Bolsa, S.A. De C.V. is directly owned by Monex Grupo Financiero, S.A. de C.V., which is directly owned by Monex, S.A.P.I. de C.V (formerly Monex, S.A.B. de C.V.). Monex, S.A.P.I. de C.V. is held by a Trust named Fideicomiso F/9846 Banco Monex SA IBM Monex Grupo Financiero.

### ***Services Offered***

Monex Asset Management, through our investment professionals (“Financial Advisor”), provides discretionary and nondiscretionary investment advisory and consulting services to individuals, trusts, estates, and charitable and not-for-profit organizations. Investment advice and portfolio management services are provided on a continuing basis, including the appropriate allocation of managed assets among cash, stocks, mutual funds, and bonds. This selection of specific securities will provide proper diversification and help to meet the client’s stated investment objectives, although you may impose restrictions on us with respect to investing in certain securities or types and classes of securities.

### ***Investment Products***

Monex Asset Management is not limited to the investment products offered, but we generally offer advice on the following, as well as the foreign equivalents of the following investment products:

- Equity securities (exchange-listed, over the counter, foreign issuers)
- Corporate debt securities
- Certificates of deposits
- Municipal securities
- Investment Company Securities (mutual fund shares)
- United States government securities
- Option contracts on securities
- Currencies
- Insurance Products

Monex Asset Management is licensed as an insurance agency and provides analysis of and recommends the purchase and sale of certain insurance products for both advisory and non-advisory clients. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* for more detail.

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### ***Wrap Programs***

Monex Asset Management does not participate in any wrap fee programs.

### ***Assets Under Management***

As of December 31, 2025, Monex Asset Management managed \$650,868,175 in client portfolio assets, of which \$529,514,123 was managed on a discretionary basis, and \$121,354,052 was managed on a non-discretionary basis.

### ***Retirement Accounts – DOL Disclosure***

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) and/or the Internal Revenue Code (“Code”), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as (“Retirement Accounts”).

To ensure that Monex Asset Management adheres to fiduciary norms and basic standards of fair dealing with respect to Retirement Accounts, we are required to provide advice that is in the "best interest" of the retirement client. The best interest standard has two chief components: prudence and loyalty. Under the prudence standard, our advice must meet a professional standard of care, and under the loyalty standard, our advice must be based on the interests of our retirement clients rather than on the potential competing financial interests of Monex Asset Management.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interests ahead of yours. To this end, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of you when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### ***Education***

Monex Asset Management generally requires Financial Advisors to have a college degree, or a minimum of four years of related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics, and be committed to providing quality investment advice. All Financial Advisors must hold the required licenses for investment advisers.

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## ***Branch Offices***

### ***San Diego Branch:***

350 10th Avenue, Suite 1000  
San Diego, CA 92101

### ***San Antonio Branch:***

18756 Stone Oak Parkway, Suite 266  
San Antonio, TX 78258

## **Item 5 - Fees and Compensation**

### ***Type of Compensation***

Monex Asset Management is compensated for the investment services it provides to its clients through a percentage of assets under management and fixed fees.

### ***Advisory Fees***

Monex Asset Management offers its services on a menu basis. Although many fees for our services are negotiable and discussed in detail during the presentations of Monex Asset Management's services to the respective potential client, our fees generally range from .25% to 2.00% of the assets under management ("AUM"), based upon a number of factors, including the size of the portfolio, services requested, and portfolio assets. In addition, we charge an annual maintenance fee of \$180.00 to \$200.00 per account. Lower fees for comparable services may be available from other sources.

The Advisory Fee will be payable quarterly in arrears and will be based on the average quarterly net asset value of the Securities under management in the Account. The Advisory Fee for the initial quarterly period and the final quarter shall be prorated based on the current value of the Account. The current value is reflected as of the last day of each month within the respective quarter, divided by the number of months in that quarter. The term "quarterly," as used herein, shall represent fiscal three-month periods, commencing on January 1st, April 1st, July 1st, and October 1st of each year.

Each time a fee is directly deducted from a client account, Monex Asset Management will concurrently notify the qualified custodian of the amount of the fee to be deducted from the client's account and will send the client an invoice or statement itemizing the fee. Such itemization will include the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

With respect to employee-related accounts, the quarterly fees are generally less. Additionally, Monex Asset Management may charge less for certain client accounts, depending on a number of factors, including portfolio size, length of employment, and the relationship to the employee.

To the extent mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated

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with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds, including Rule 12b-1 fees and expenses.

***Sub-Advisory Relationship Fee***

Monex Asset Management utilizes Xendia Wealth LLC d/b/a Xendia (formerly known as BCP Advisors LLC d/b/a BCP Global) (“Xendia Wealth”) as a sub-advisor for certain clients. Clients utilizing Xendia Wealth will pay Xendia Wealth an advisory fee, a tiered fee ranging from 1.05% to 1.75% of the portfolio assets managed by Xendia Wealth, pursuant to the schedule below (the “Xendia Advisory Fee”). The Xendia Advisory Fee is paid monthly in arrears, and will be split by Monex Asset Management and Xendia Wealth, with Xendia Wealth being entitled to the percentage of the Xendia Advisory Fee set forth below as the Xendia Wealth Fee:

<u>Assets Under Management</u>	<u>Xendia Advisory Fee</u>	<u>Xendia Wealth Fee</u>
From \$0 to \$100,000	1.75%	0.18%
From \$101,001 to \$250,000	1.65%	0.15%
From \$250,001 to \$500,000	1.50%	0.13%
From \$500,001 to \$1,000,000	1.25%	0.12%
From \$1,00,001 and up	1.05%	0.10%

Xendia Wealth charges a fixed flat fee of 0.95% per annum for Clients who choose the Treasury Bill (“T-Bill”) Strategy.

***Additional Types of Fees, Expenses, and Compensation***

We are affiliated through common ownership with Monex Securities, Inc. (“Monex Securities”), who is registered as a broker-dealer with the SEC and various state jurisdictions, and a member firm of the Financial Industry Regulatory Authority (“FINRA”). Monex Securities introduces its customers to Pershing, LLC (“Pershing”) on a fully disclosed basis, which is generally the qualified custodian for our non-internet-based advisory accounts. Due to the business relationship between Pershing and Monex Securities, Pershing shares a portion of certain transaction costs and fees you pay to Pershing with Monex Securities. The compensation Monex Securities receives in connection with certain transactions and services is an additional source of revenue for our affiliate, and defrays the consolidated costs associated with maintaining and servicing client accounts. However, it presents a conflict of interest because Monex Asset Management has a greater incentive to make available, recommend, or make investment decisions regarding investments and services that provide additional compensation to our affiliate than those that do not.

In general, these revenue sources include a percentage or portion of fees and transaction charges collected by Pershing, and shared with our affiliate, Monex Securities, including:

- Account transfer fees.
- Margin interest charges.

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- IRA fees.
  - Inactivity fees.
  - Money market and sweep account interest.
  - Other Fees
  - Other miscellaneous charges.

Additional details are provided below:

- Account Transfer Charges: You can be assessed transfer charges on account transactions and other miscellaneous charges by Pershing on account transactions.
- Margin Interest Charges: To the extent margin is available, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of eligible program assets increases. In addition, you can be charged margin interest on debit balances in your account by Pershing.
- Money Market & Bank Sweep Interest: If your account has invested in a mutual fund money market that pays interest or a Bank Sweep vehicle that pays interest, Monex Securities will receive a portion of the interest paid by Pershing, which reduces your interest received. Deposit products, like the cash sweep program, are protected by FDIC insurance up to applicable limits. Funds deposited through Bank Sweep Programs are not eligible for SIPC coverage. You can find more specific information about the Bank Sweep Program by reviewing the Bank Deposit Sweep Program Disclosure Document.
- Other Fees: You may also be charged additional fees for executing certain transactions. Examples include special situation transaction charges, ticket charges, or service fees and charges for which Monex Securities may receive a portion of (which fees may be deemed to be “Commission Equivalents”).
- Miscellaneous Fees: Monex Securities also reserves the right to charge additional fees to close an account, except when your state of residence prohibits an account closing fee. Refer to your agreement for specific fees and additional information.

*See Also Item 10 - Other Financial Industry Activities and Affiliation, Brokerage Practices, Item 12 -Brokerage Practices and Referral Arrangements and Other Compensation and Item 14 Client Referrals and Other Compensation for a description of additional compensation received by Monex Asset Management and for a description of factors that Monex Asset Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

### ***Insurance Compensation***

Monex Asset Management is also registered as an insurance agency with the state of Texas and in various other jurisdictions in which it conducts insurance business, as required. Certain associated persons of Monex Asset Management are licensed as insurance agents. To the extent insurance products, including Indexed Universal Life (“IUL”) policies, are recommended to advisory clients, such associated persons will receive commissions or other compensation from

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the insurance company issuing the policy. This compensation is separate from and in addition to the Advisory Fee described above.

As a result, Monex Asset Management and its associated persons have a financial incentive to recommend insurance products based on the compensation they receive, rather than solely on the client's needs. This creates a conflict of interest. Monex Asset Management addresses this conflict by providing full and fair disclosure to clients, requiring that all recommendations be made in the client's best interest, and subjecting such recommendations to supervisory review and approval. Clients are not obligated to purchase insurance products through Monex Asset Management or its associated persons.

### ***Transaction Costs***

The Advisory Fee and Xendia Advisory Fee are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as margin interest, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, certain transactions, such as short sales, may incur transaction expenses in addition to investment advisory fees and broker execution costs, including margin interest. *See also Item 14 – Client Referral and other Compensation, Brokerage Compensation, Margin Lending.* Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Clients may be charged a transaction fee.

### ***Client Data Feed***

If requested by the client, Monex Asset Management will set up the client's account information via a data feed established through Mastro. Mastro automatically consolidates and reconciles accounts, transactions, and cash daily; performs institutional-quality reporting and analysis of risks, performance, managers, and fees. Clients utilizing Mastro will be invoiced and charged a pro-rata portion of the monthly Mastro charge of \$175.00.

### ***Termination***

The relationship between the parties may be terminated by either party upon 30 days' written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the relationship, contract without penalty, within five (5) business days after entering into the contract.

### ***Valuation***

The valuation of securities and other instruments is generally determined by their last reported sale price on the principal market on which they are traded, if such a market publicly reports transaction prices. Otherwise, other readily marketable securities and instruments are valued by using a pricing

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service or by other equitable means consistent with the fiduciary duty of the money manager to determine a fair market value.

### ***Transitioning Brokerage Accounts to Advisory Accounts***

Cost comparisons are difficult for assets held in brokerage accounts with our affiliate, Monex Securities, and for assets held subject to our investment advisory services. Depending on the level of trading and the types of securities purchased or sold in your brokerage account, if purchased separately and unmanaged, you may incur overall transaction costs that are higher or lower than the Advisory Fee charged by Monex Asset Management. However, transactions could not be executed on a discretionary basis in a brokerage account. Clients who participate in the programs described in this Brochure pay a fee based on the market value of the account for a variety of services, and accordingly may pay more or less for such services than if they purchased such services separately (to the extent that such services would be available separately to the client). Furthermore, the same or similar services to those available in these programs may be available at a lower fee in programs offered by other investment advisors. If you change your brokerage account to a fee-based advisory account and your brokerage account holds offshore funds, you may be entitled to a credit against the Advisory Fee in certain circumstances. *See Item 14 - Client Referrals and Other Compensation, Mutual Fund Share Classes, and Fees.* By changing your account from a brokerage account into a fee-based advisory account, your mutual fund shares will convert to the advisory share class (if available), which, in general, will further lower overall costs. However, in exchange for the advisory services you will receive, you will pay an asset-based fee, which you would not pay in a brokerage account.

You should consider these and other differences when deciding whether to invest in an investment advisory or a brokerage account and, if applicable, which advisory programs best suit your individual needs. Finally, you are encouraged to contact us if you have questions about the differences between your brokerage account at Monex Securities and an advisory account with Monex Asset Management.

### ***California Disclosure***

The advisory fee disclosed above is reasonable.

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

Monex Asset Management does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of a client's assets), nor does it engage in side-by-side management.

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

We offer portfolio management investment advice to the following types of clients:

- Individuals

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- High net worth individuals
  - Corporations
  - Trusts
  - Estates
  - Charitable and Not-for-Profit Organizations

### ***Account Requirements***

Monex Asset Management generally requires clients' managed assets to consist initially of cash and securities with a minimum asset value (as valued by Advisor) of no less than \$300,000 unless Monex Asset Management, in its sole discretion, agrees to accept a client's managed assets with a lesser value.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

### ***Analysis Methods***

Security analysis methods utilized by Monex Asset Management include the following:

#### ***Charting***

Charting analysis seeks to identify resistance and support levels to inform decisions to buy (when the price hits support) or sell (when the price hits resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the timeframe of the price charts.

#### ***Fundamental***

Fundamental analysis holds that markets may misprice a security in the short run, but that the "correct" price will eventually be reached. The fundamental analysis of a business involves examining its financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

#### ***Technical***

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting price direction by studying past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

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## ***Sources of Information***

The main sources of information that Monex Asset Management uses to analyze these investment strategies are:

- Financial newspapers and magazines
- Research materials prepared by others.
- Annual reports, prospectuses, filings with the SEC.

## ***Investment Strategies***

The investment strategies Monex Asset Management uses to implement any investment advice given to clients include the following:

- Long-term Purchases (securities held at least a year).
- Short-term purchases (securities sold within a year).
- Trading (securities sold within 30 days).
- Short sales.
- Option writing, including covered options, uncovered options or spreading strategies.

## ***Investment Strategy Risks***

### ***General Risks***

***Lack of Diversification:*** Portfolio investments may be concentrated, limiting diversification. There are no limits on position sizes. Any assets, or combinations of assets, that can be held in a securities account can be purchased or sold.

***Liquidity:*** The Accounts will be invested in liquid securities, and private investments are not permitted. It is possible, however, that securities become less liquid during the holding period.

***Cash and Cash Equivalents:*** Accounts may maintain significant cash positions from time to time, and the client will pay the Investment Management Fee based on the net asset value of the Account, including cash and cash equivalents. Furthermore, the Account may forego investment opportunities to hold cash positions if we consider it in the best interests of the Accounts.

***Leverage:*** We may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to Accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional accounts would be required to be deposited with the broker, or the broker would require a mandatory liquidation of the pledged securities to compensate for the decline in value. We might not be able to liquidate assets quickly enough to pay off the margin debt, and the Accounts may therefore also suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

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***Interest Rate Fluctuation:*** The prices of securities in which the Advisor may invest are sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions that were not initially anticipated. In addition, interest rate increases generally will increase the interest-carrying costs of borrowed securities and leveraged investments.

***Long-term Purchases (securities held at least a year)***

***Liquidity:*** The portfolio will be invested in liquid securities, and illiquid investments are not permitted. It is possible, however, that liquid securities will become less liquid during the holding period.

***Short term purchases (securities sold within a year)***

***Market Risks:*** The success of a significant portion of the program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will accurately predict these price movements. Additionally, the effectiveness of the trading program may decline over time as other market participants develop similar programs or techniques.

***Trading (securities sold within 30 days)***

***Market Risks:*** The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict these price movements accurately. This strategy involves more frequent trading than a longer-term strategy and may result in higher brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains. Additionally, over time, the effectiveness of the trading program may decline as other market participants develop similar programs or techniques.

***Trading is Speculative:*** There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, from time to time, governments intervene in certain markets, directly and through regulation, often with the intent to influence prices. The effects of government intervention may be particularly significant at certain times in financial instrument markets, and such intervention (along with other factors) may cause these markets to move rapidly.

***Turnover:*** Our trading activities may be based on short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions, and related transactional fees and expenses. In addition, if interest is due due to a short sale, the customer is responsible for paying the interest incurred.

***Option writing, including covered options, uncovered options or spreading strategies***

***Options and Other Derivatives:*** We may purchase or sell options, warrants, equity-related swaps, or other derivatives that trade on an exchange. Both the purchasing and selling of call and

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put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the Accounts' hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether an Account realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

***Uncovered Risks:*** We may employ various “risk-reduction” techniques designed to minimize the risk of loss in Accounts. Nonetheless, substantial risk remains that such techniques will not always be possible to implement, and when possible, will not always be effective in limiting losses. Hedging against declines in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such a position declines, but it uses other positions designed to gain from those same developments, thus moderating declines in the portfolio positions' value. Such hedge transactions also limit the opportunity to realize gains if the value of a portfolio position should increase. Moreover, it may not be possible for us to hedge against a fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. The success of the hedging transactions will depend on the ability to accurately predict market fluctuations. Therefore, while we may enter into such transactions to reduce risk, unanticipated market movements and fluctuations may result in poorer overall performance for the Accounts Portfolio than if we had not engaged in any such hedging transactions. Finally, the degree of correlation between the price movements of the instruments used in a hedging strategy and those of the portfolio position being hedged may vary.

#### ***Utilization of Alternative Investments***

Alternative investment products, including hedge funds, structured notes and off-shore mutual funds, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Additionally, liquidity issues can arise when alternative investment products impose restrictions on the transfer of interests in the event of an early sale and may require the consent of the sponsor or issuer of such investment.

#### ***Investment in Foreign Securities***

Investments in non-U.S. securities may be subject to greater risks than purely domestic investments because of a variety of factors, including currency controls and the fluctuation of

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currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. In addition, there may be less publicly available information about non-U.S. issuers than about U.S. issuers, and non-U.S. issuers are not subject to uniform accounting, auditing, and financial reporting standards and requirements comparable to those of U.S. issuers, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges may not accurately reflect the actual circumstances being reported. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. Non-U.S. markets also have different clearance and settlement procedures, which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect performance. The effects of the risk factors described above may be greater for issuers in emerging markets.

### ***Short Selling Risk***

Short-selling transactions expose clients to the risk of losses exceeding the initial investment, and such losses can increase rapidly and without effective limits. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Client might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### ***Margin Borrowing Risk***

Our investment strategies generally do not employ leverage (i.e., borrowing funds from the broker to open positions whose cumulative value exceeds the account's equity), although leverage may occasionally be used at the Client's specific request. When securities are purchased, they may be paid for in full, or part of the purchase price may be borrowed from Pershing. The securities purchased are Pershing's collateral for the loan. If the securities in the account decline in value, so does the value of the collateral supporting the loan, and, as a result, Pershing can take action, such as issue a margin call and/or sell securities in any of the accounts held with the member, in order to maintain the required equity in the account.

Short selling requires a margin account, as the securities used in the short sale are borrowed from Pershing before being sold. In the case of a short sale, cash received from the sale of the borrowed shares is held as collateral. If the short position declines in value, i.e. the borrowed shares rise in price, the value of the cash collateral supporting the borrowed shares declines, and, as a result, Pershing can take action, such as issue a margin call and/or sell or buy to cover securities in any of the accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

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- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to Pershing to avoid the forced sale of those securities or other securities in your account(s).
  - Pershing can force the sale of securities in your account(s). Additionally, Pershing can also force the purchase of securities in the case of short positions. If the equity in your account falls below the maintenance margin requirements under the law, or Pershing's higher "house" requirements, Pershing can exit positions in any of your accounts held at the Firm to cover the margin deficiency. You will also be responsible for any shortfall in the account after such actions.
  - Pershing can sell your securities, or buy back short positions, without contacting you.
  - You are not entitled to choose which positions in your account(s) are liquidated to meet a margin call. Because the securities are collateral for the margin loan, Pershing has the right to decide which security to sell to protect its interests.
  - Pershing can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in broker policy often take effect immediately and may result in a maintenance margin call. A failure to satisfy the call may cause the liquidation of positions in your account(s).

### ***Other Investment Risks***

#### ***Money Market Funds***

You could lose money in MMFs. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate, and when you sell shares, they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing, or ATM debits. Moreover, in some circumstances, money market funds may be forced to cease operations when the value of a fund drops below \$1.00 per share. In that event, the fund's holdings are liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals and, if applicable, check writing or ATM debits from your account.

#### ***Technology and Cyber Security Risk***

Monex Asset Management, Pershing LLC, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are susceptible to operational, informational security, and related risks that could adversely affect our clients and us.

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We are dependent on the effectiveness of the information and cybersecurity policies, procedures, and capabilities we maintain to protect the confidentiality, integrity, and availability of our computer and telecommunications systems and the data that resides on or is transmitted through them. An externally caused information security incident, such as a cyber-attack, including a phishing scam, malware, or denial-of-service attack, or an internally caused incident, such as a failure to control access to sensitive systems, could materially interrupt business operations or cause the disclosure or modification of sensitive or confidential client information. Moreover, our use of mobile and cloud technologies could heighten these and other operational risks, as certain aspects of their security may be complex, unpredictable, or beyond our control. Monex Asset Management’s use of the public Internet, any reliance on mobile or cloud technology, or any failure by third-party service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption, or loss of personal, confidential, or proprietary information. In addition, there is a risk that encryption and other protective measures may be circumvented, particularly as new computing technologies increase speed and available computing power. Moreover, due to the complexity and interconnectedness of our systems, the process of upgrading existing capabilities, developing new functionalities and expanding coverage into new markets and geographies, including to address client or regulatory requirements, may expose us to additional cyber and information-security risks, as well as increased execution, operational and data management risks or system disruptions, impacting us, as well as clients who rely upon, or have exposure to Pershing and our systems.

Monex Asset Management also routinely transmits and receives personal, confidential, or proprietary information by email and other electronic means. We collaborate with Pershing, clients, vendors, and other third parties to develop secure transmission capabilities and protect against cyber-attacks. However, we cannot ensure that such third parties or we have all appropriate controls in place to protect the confidentiality of such information.

Although we take protective measures and endeavors to strengthen our computer systems, software, technology assets, and networks to prevent, detect, react to, and recover from potential cyber-attacks, there can be no assurance that any of these measures will prove effective. Any information security incident or cyber-attack against us or third parties with whom we are connected, or issuers of securities or instruments in which the client portfolios invests, including any interception, mishandling or misuse of personal, confidential or proprietary information, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, loss of competitive position, regulatory fines and/or sanctions, breach of client contracts, reputational harm or legal liability.

## **Item 9 - Disciplinary Information**

Without admitting or denying the findings, Monex Asset Management was sanctioned in a Cease-and-Desist Order (“Order”), issued by the SEC in April 2024. The Order was based on a violation of Section 206(4) of the Advisers Act (“Marketing Rule”). The violation of the Marketing Rule

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arose from the use of hypothetical performance on its public website, without adopting and implementing policies and procedures reasonably designed to ensure that the hypothetical performance was relevant to the likely financial situation and investment objectives of the intended audience. Monex Asset Management was also required to comply with certain undertakings and fined \$30,000. (For additional information, please go to the Investment Adviser Public Disclosure website located at <https://adviserinfo.sec.gov/>.)

Monex Securities is affiliated by common ownership to Monex Asset Management, and has been subject to the following disciplinary actions in the prior ten years:

Without admitting or denying the findings, Monex Securities was sanctioned in a Letter of Acceptance, Waiver and Consent (“AWC”), issued by the Financial Industry Regulatory Authority (“FINRA”) in April 2005 in regard to the failure of a former employee of failing to file for an approval of an ownership change, allowing a unqualified person to act as a general securities principal and failure to maintain the continuing education plan and related needs analysis for three years as required. Monex Securities was also fined \$18,000.00. (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

Without admitting or denying the findings, Monex Securities was sanctioned in an AWC in June 2007 from FINRA in regard to a failure to execute a Trace Participation Agreement prior to its participation in Trace. Monex Securities was also fined \$15,000.00. (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

Without admitting or denying the findings, Monex Securities was sanctioned in an AWC in April 2011 by FINRA for failure to properly supervise and to register the Firm's foreign finders. Monex Securities was also fined \$25,000.00. (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

Monex Securities was party to a contractual relationship with its Mexican parent company ("Mexican broker-dealer parent"), which is a functionally regulated Mexican broker-dealer located in, and doing a securities business in Mexico, whereby the foreign agents of the Mexican broker-dealer parent provided certain services to customers of Monex Securities and the Mexican broker-dealer. FINRA alleged that the foreign agents of the Mexican broker-dealer parent are persons associated with a member as that term is defined by FINRA, none of those individuals met the requirements for exemption from registration for foreign finders that are set forth in NASD rule 1060(b), and that the foreign individuals must either limit their activity to providing initial referrals of the foreign customers of its Mexican broker-dealer parent, or register as general securities representatives or as foreign associates. Additionally, FINRA alleged that, through these actions, Monex Securities or the CCO failed to establish and maintain a supervisory system reasonably designed to achieve compliance with the applicable securities laws. Without admitting or denying the allegations in FINRA’s Complaint, dated December 4, 2013, Monex Securities consented to the entry of FINRA findings and violations consistent with the allegations of FINRA’s complaint in regard to exemption from registration for foreign finders that are set forth in NASD Rule

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1060(b), and that the foreign individuals must either limit their activity to providing initial referrals of the foreign customers of its Mexican broker-dealer parent, or register as general securities representatives or as foreign associates and that through these actions, Monex Securities or the CCO failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with the applicable securities laws. Monex Securities agreed to a censure, was fined \$175,000.00, and paid \$1.1 million in disgorgement (plus pre-judgment interest, calculated by FINRA to be \$196,560.99). (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

Without admitting or denying the findings, Monex Securities was sanctioned in a Letter of Acceptance, Waiver and Consent (AWC) issued by FINRA in March 2015 for excessive markups on four foreign bond transactions and excessive markdowns on two foreign bond transactions. Monex Securities was also fined \$7,500.00. (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

Without admitting or denying the findings, Monex Securities was sanctioned in a Letter of AWC in October 2015 from FINRA. Without admitting or denying the findings, the Firm consented to the entry of Findings that in six transactions it sold (bought) corporate bonds to (from) customers and failed to sell (buy) such bonds at a price that was fair, after taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved, and that the Firm was entitled to a profit. Monex Securities also consented to the sanctions imposed, which included a \$25,000.00 fine and a \$9,678.52 refund, plus interest. (For additional information, please go to BrokerCheck located at <https://brokercheck.finra.org/>.)

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

### ***Affiliations***

#### ***Monex Securities - Affiliated Broker-Dealer***

Monex Securities, Inc. (“Monex Securities”) is registered as a broker-dealer with the SEC and various state jurisdictions, and a member firm of the Financial Industry Regulatory Authority (“FINRA”). Monex Securities is affiliated with Monex Asset Management through common ownership and control. Monex Securities clears its securities transactions on a fully disclosed basis through Pershing. As a result of that relationship, Pershing is the qualified custodian for our clients who elect to use our trade execution platform.

Clients may designate the broker-dealer to be used, including Monex Securities, for the execution of securities transactions by the client’s money managers. We use Monex Securities' brokerage services to execute portfolio transactions for our investment advisory clients. These transactions will be conducted subject to proper and customary disclosure, including but not limited to compensation received by Monex Securities. Compensation will be received by Monex Securities

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as a broker/dealer when portfolio transactions are effected on behalf of investment advisory clients.

### ***Other Financial Activities***

#### ***Insurance Activities***

Monex Asset Management is licensed as an insurance agency and provides analysis of, and may recommend the purchase of, certain insurance products to both advisory and non-advisory clients. This licensing is separate from its registration as an investment adviser. To the extent insurance products are recommended to advisory clients, including IUL policies, associated persons of Monex Asset Management will receive commissions or other compensation from the insurance company issuing the policy. This compensation is separate from the Advisory Fee. This creates a conflict of interest because associated persons have a financial incentive to recommend insurance products in exchange for compensation. Monex Asset Management addresses this conflict of interest by providing full and fair disclosure to clients, reviewing the client's financial situation and needs prior to making a recommendation, requiring that recommendations be made in the client's best interest, and subjecting such recommendations to supervisory review. Advisory clients are not obligated to purchase insurance products through Monex Asset Management or its associated persons. Additionally, no advisory fees are charged on insurance products. See *Item 11 – Code of Ethics, Item 12 - Brokerage Practices, and Item 14 - Client Referrals and Other Compensation* for a further discussion of the conflict of interest and compensation related to these relationships

#### ***Other Activities***

Monex Asset Management and certain of its principal executive officers may engage in the following activities:

- As a principal, effecting securities transactions for compensation for advisory clients who do not otherwise designate another brokerage firm to perform such services. Monex Asset Management can purchase initial public offerings for certain advisory client accounts that have expressed an interest in the purchase of these issues, but does not generally take such action. Monex Asset Management has procedures in place, including its current practice of allocating these offerings.
- As a broker or agent, effecting securities transactions through Monex Asset Management for compensation for advisory clients of Monex Asset Management and registered investment advisers, investment managers or sub-advisors who do not otherwise designate another brokerage firm to perform such services.
- As a broker, effecting agency cross transactions through which client securities are sold to or bought from a brokerage customer.
- Recommend to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- Buying or selling securities for its account that it also recommends to clients.

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### ***Other Disclosures***

Neither Monex Asset Management nor any of its management persons is registered, has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of the foregoing entities.

### ***Sub Advisor Relationship***

Monex Asset Management utilizes Xendia Wealth to provide investment advisory services to certain selected clients via the Monex Investor interactive website portal. To this end, Xendia Wealth provides the client with asset management services on a discretionary basis.

Xendia Wealth utilizes Interactive Brokers, LLC (“IB”), a FINRA member broker-dealer, to provide custody and execution services for client portfolio assets managed by Xendia Wealth. As a result, clients using Xendia Wealth as a sub-advisor for Monex Asset Management will be required to open accounts with IB to maintain the portfolio assets managed by Xendia Wealth.

To this end, each client who utilizes Xendia Wealth will input personal information, including age, financial resources, investment experience, goals, and objectives via an interactive questionnaire presented by the website and/or the mobile application of Xendia Wealth as part of each client’s registration process. Based on the information provided by the client via the questionnaire, either the website or the mobile application uses an algorithm to analyze such information (the “Algorithm”). With this information, Xendia Wealth will recommend a portfolio that is designed to meet the client’s investment needs. Xendia Wealth is responsible for maintaining the Algorithm.

IB will debit the advisory fees from the clients’ portfolio accounts held at IB, and the fee will be shared between Monex Asset Management and Xendia Wealth as disclosed in *Item 5 -Fees and Compensation, Sub-Advisory Relationship Fees*.

## **Item 11 - Code of Ethics, Participation or Interest in Client Trading**

### ***General***

Monex Asset Management has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor-mongering, restrictions on the acceptance of significant gifts and on the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Monex Asset Management must acknowledge the terms of the Code of Ethics annually, or as amended.

Monex Asset Management anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which we have management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Monex Asset Management, its affiliates, and/or clients, directly or indirectly, have a position of interest. Our employees and persons associated with us are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and

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employees of Monex Asset Management and its affiliates are allowed to trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Monex Asset Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions based on a determination that they would not materially interfere with the best interests of our clients. In addition, the Code requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics, in some circumstances, would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from a client's market activity in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Monex Asset Management and its clients.

### ***Personal Trading***

Monex Asset Management and our related persons may purchase and sell securities for their own accounts. To prevent conflicts of interest, all employees of Monex Asset Management must comply with our Code of Ethics, which restricts the purchase or sale of securities for their own accounts and for the accounts of certain affiliated persons.

Certain affiliated accounts are allowed to trade in the same securities as client accounts on an aggregated basis, provided it is consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Monex Asset Management's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting Cesar Cazares.

### ***Cross Trades***

It is Monex Asset Management's policy that the Firm will generally not affect any principal or agency cross-securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions in which an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

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### ***Insider Information***

Further, the Code of Ethics and Supervisory Procedures set forth policies and procedures regarding the misuse of material non-public information and prevent insider trading by any officer, partner, or associated person of Monex Asset Management.

### ***Material Financial Interest***

The Code of Ethics and Supervisory Procedures do not allow Monex Asset Management or any related person to recommend to clients either buys or sells for clients' portfolio accounts, investments in which Monex Asset Management or related person has a material financial interest.

### ***Insurance Product Conflicts***

Monex Asset Management and its associated persons may recommend insurance products to advisory clients. In such instances, associated persons may receive commissions or other compensation from the insurer issuing the policy. This creates a conflict of interest because compensation can incentivize the recommendation of such products. Monex Asset Management addresses this conflict of interest through disclosure, supervisory review, and policies designed to ensure that recommendations are made in clients' best interests and are consistent with the Firm's fiduciary obligations.

## **Item 12 - Brokerage Practices**

### ***General***

Unless client instructs Monex Asset Management otherwise, the Firm will place orders for the execution of transactions with or through a broker/dealer Monex Asset Management selects, and complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged. Monex Asset Management will select such brokers that can execute transactions at the best price and execution under the prevailing circumstances. In managing investment portfolios, Monex Asset Management acts in a manner in keeping with what it understands and believes to be the best interests of the client. Individual securities are selected to provide diversification among economic sectors and industries which are chosen to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

It is not Monex Asset Management's practice to negotiate "execution only" commission rates; thus, the client may be deemed to be paying for other services provided by the broker, which are included in the commission rate. These other services could include research, services such as marketed publications, advice, analysis, reports, or online financial information. Research services furnished by Monex Asset Management to its brokerage clients may or may not be used by Monex Asset Management in the servicing of its investment advisory clients.

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Monex Asset Management will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

### ***Best Execution***

Transaction rates for trades executed through us may not always be as favorable as those that our clients are likely to use an affiliated broker to execute transactions presents a potential conflict of interest in that our personnel will receive additional compensation in their capacity as Broker. Such transactions create a conflict of interest because we have a duty to obtain the most favorable price for advisory clients while its registered representatives of the affiliated broker dealer, have a duty to obtain the most favorable price for their brokerage customers.

### ***Directed Brokerage***

If requested by the client, Monex Asset Management will place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the client's specific knowledge and full approval.

Monex Asset Management does not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular client's brokerage transaction business will be directed to a particular broker if the client has directed, agreed, or stipulated that we do so. Commissions are not intended to compensate brokers for client referrals.

Regarding client-directed brokerage, we are required to disclose that they may be unable to negotiate commissions, block or batch client orders, or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates can be higher than the rates Monex Asset Management might pay for transactions in non-directed accounts.

Also, clients that restrict our brokerage discretion can be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is our policy that such accounts do not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. Generally, we encourage each client to compare the potential costs or disadvantages of a directed brokerage relationship with the value of the custodial or other services the broker provides to the client in exchange for the directed broker designation.

### ***Trade Aggregation***

When Monex Asset Management trades the same security in more than one client account, we generally attempt to batch or "bunch" the trades to create a "block transaction." Generally, buying and selling in blocks helps create trading efficiencies, prompt attention, and desired price

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execution. We will place all or substantially all transactions to purchase or sell common stocks with the client's "directed" broker, when applicable. (See the discussion entitled, "Directed Brokerage") Whenever possible, we will attempt to batch or aggregate trades for clients who use the same directed brokers to create a "block transaction." The commission amount and per-share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client differs in portfolio size, investment objective, equity exposure, and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself.

### ***Loan Advance Accounts***

Your portfolio assets may be "pledged" or used as collateral, with our consent, in connection with loans obtained through Pershing (referred to as "Lending Program"). Under such Lending Programs, you may receive loan proceeds because of an arrangement whereby your account is pledged to Pershing (the "lender"). If you have elected to participate in a Lending Program, the terms, and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further in this Brochure. You should carefully review the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks may be heightened in the event you hold a concentrated position in your pledged account or if your pledged account makes up all, or substantially all, of your overall net worth or investable assets. A collateral call could disrupt our investment strategy for the account. You should consult with your own independent tax advisor to fully understand the tax implications associated with pledging your Account as loan collateral and the potential liquidation of pledged assets. You are encouraged to speak with your Financial Advisor to the extent you have questions about how your account may be used in connection with a Lending Program and how such an arrangement should be taken into consideration when discussing the management of your account.

If a client decides to enter into the Lending Program with Pershing, the following should be carefully considered:

- The client is borrowing money that will have to be repaid to Pershing.
- Pledge arrangements are only available for non-qualified accounts.
- Unlike a margin account, non-purpose loans cannot be used to purchase additional securities.
- The client, as the borrower, is using cash and securities that the client owns in the account as collateral.
- The client will be charged an interest rate that is subject to change.
- Pershing is responsible for reviewing the loan documentation and any other documents Pershing may require for the client to obtain the loan. Pershing, in its sole discretion, will determine the applicant's creditworthiness, including the loan amount.

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- Prior to establishing a loan with Pershing, you should carefully review the loan agreement, loan application, and any other form required by Pershing to process the loan.

### ***Soft Dollar Arrangements***

Soft dollar arrangements are a common practice in the Investment Advisory industry. The U.S. Congress created a “safe harbor” under Section 28(e) of the Securities and Exchange Act of 1934, which establishes strict standards by which soft dollar arrangements are allowed. Under this safe harbor, an advisor can consider the provision of research and execution services when evaluating the cost of brokerage services without violating its fiduciary responsibilities. Monex Asset Management follows the safe harbor available under Section 28(e) in arranging and executing its soft dollar arrangements.

Pershing provides Monex Asset Management with various products and services that benefit Monex Asset Management, though they may not directly benefit clients’ accounts. Some of these products and services assist Monex Asset Management in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Monex Asset Management’s fees from its clients’ accounts; and assist with back-office functions, recordkeeping and client reporting.

Pershing also makes additional services available to Monex Asset Management to help it manage and further develop its business enterprise. These services may include consulting, publications, and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

In some cases, Pershing may arrange or pay for these types of services or pay all or a part of the fees of third parties providing these services to Monex Asset Management. Specifically, Pershing is paying for the third-party services of Envestnet Tamarac, the portfolio management software utilized by Monex Asset Management. The services provided through these systems benefit all Monex Asset Management clients.

As a fiduciary, Monex Asset Management endeavors to act in its clients’ best interests. While we recommend that client’s custody their assets in accounts at Pershing, that recommendation is influenced in part by the benefits Monex Asset Management receives from the foregoing products and services, and not solely on the nature, cost or quality of custody and brokerage services provided by Pershing. This creates a potential conflict of interest. Monex Asset Management mitigates that conflict of interest through disclosures in this Brochure, client agreements, and through ongoing reporting and communication with clients.

Monex Securities also makes available other products and services to Monex Asset Management that benefit Monex Asset Management but may not benefit its client’s accounts. Some of these other products and services assist Monex Asset Management in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and

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allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Monex Asset Management's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

Many of these services are generally used to service all or a substantial number of Monex Asset Management's accounts, including accounts not maintained at Monex Securities. Monex Securities also makes other services available to Monex Asset Management to help it manage and further develop its business enterprise. These services may generally include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Monex Securities may make available, arrange, and/or pay for these types of services or pay all or a part of the fees of a third party providing these services to Monex Asset Management. While as a fiduciary, Monex Asset Management endeavors to act in its clients' best interests, and also recommends that clients maintain their assets in accounts at Monex Securities, that recommendation is based in part on the benefit to Monex Asset Management of the availability of some of the foregoing products and services, and not solely on the nature, cost or quality of custody and brokerage services provided by Monex Securities, which creates a conflict of interest.

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

### ***Account Review***

Cesar Cazares will review all accounts on a quarterly basis and compare each investment on a transaction basis to ensure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews can be triggered by material changes in variables such as the client's individual circumstances or the market economic or political environment.

### ***Reports***

The clients receive brokerage transaction confirmations and monthly statements from the account custodian.

### ***Trade Errors***

In the event of a trade error in your account, our policy is to attempt to correct trading errors as soon as they are discovered; however, the Firm may not be responsible for poor executions or trading errors committed by the brokers with which it transacts, unless such errors resulted from our negligence, fraud, or willful misconduct. Notwithstanding the above, based on the circumstances, corrective actions generally include:

- canceling the trade;
- adjusting an allocation; and/or
- reimbursement to the account

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

### ***Client Referrals***

Monex Asset Management has entered into Foreign Finder Agreements with a number of individuals (“Foreign Solicitors”) whereby the Foreign Solicitors refer clients to us. The Foreign Solicitors will retain contact with the clients they solicited as long as those clients remain clients of Monex Asset Management. Foreign Solicitors will not provide any investment management services or render any investment advice on behalf of Monex Asset Management. Foreign Solicitors shall deliver to each prospective client a current copy of Monex Asset Management’s Brochure, together with a separate Written Disclosure Statement (“Disclosure Statement”). For each client referral that Foreign Solicitors makes to Monex Asset Management, we will pay an amount from the management fees earned and collected, as disclosed in the contract between the firms, if the client maintains such an account with Foreign Solicitors. The specific terms of the compensation will be disclosed to the client in the Disclosure Statement as delivered by the Foreign Solicitors. Any compensated solicitors for California advisory clients will be properly registered as solicitors and will comply with the requirements under CCR 260.236(c)(2).

### ***Brokerage Compensation***

#### ***Affiliated Broker-Dealer***

Monex Securities is generally used to execute portfolio transactions for investment advisory clients at the clients' discretion. Clients will pay Monex Securities transaction fees such as commissions, commission equivalents, mark-ups, or mark-downs, and Pershing’s service fee on securities transactions. Thus, Monex Securities, as a broker-dealer, receives compensation when portfolio transactions are effected on behalf of our clients or the client’s third-party money manager. Additionally, our Associated Persons registered with both Monex Securities and Monex Asset Management generally receive a benefit in the form of commissions on securities. Notwithstanding the above, these transactions will be conducted subject to proper and customary disclosure, including but not limited to compensation received by Monex Securities and its registered representatives.

Thus, Monex Asset Management has an indirect financial interest in executing such transactions because Monex Securities is affiliated with Monex Asset Management, and Monex Asset Management and Monex Securities personnel earn compensation from these transactions and related fees. Notwithstanding the above, these transactions will be conducted subject to proper and customary disclosure, including but not limited to compensation received by Monex Securities and its registered representatives.

#### ***Loan Advance Accounts***

If your account portfolio assets are “pledged” or used as collateral in connection with loans obtained through a Lending Program, the costs associated with such a lending arrangement under a Lending Program are not included in our Advisory Fee, and will result in additional compensation to our affiliate, Monex Securities, and our Financial Advisors.

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If you participate in a loan from Pershing, that is obtained through Monex Securities, Monex Securities shares in the interest earned by Pershing (“Interest Sharing Revenue”) which (i) is viewed as a conflict of interest with respect to portfolio assets included in the Lending Program, (ii) is not included our Advisory Fee and (iii) results in additional compensation to our affiliate and your Financial Advisor.

To that end, your Financial Advisor will receive a portion of the Interest Sharing Revenue received by Monex Securities, in addition to the compensation the Financial Advisor earns based on the amount of portfolio assets held in your advisory account that are pledged under the Lending Program. This means your Financial Advisor can potentially benefit from your borrowing under the Lending Program, rather than liquidating assets held in the Account, and can potentially receive a reduction in compensation earned by recommending you reduce your outstanding balance in the Lending Program.

You are encouraged to speak with your Financial Advisor to the extent you have questions about how your advisory account may be used in connection with a Lending Program and how such arrangement should be taken into consideration when discussing the management of your portfolio assets under management. Finally, the Firm attempts to mitigate the above conflicts of interest by reviewing your portfolio accounts to determine whether or not the use of the Lending Program is appropriate and consistent with your investment goals and objectives.

#### ***Mutual Fund Share Classes and Fees***

General. Mutual funds typically offer different ways to buy fund shares. Some mutual funds offer only one share class, while most funds offer multiple share classes. Each share class represents an investment in the same mutual fund portfolio but assesses different fees and expenses. Many mutual funds have developed specialized share classes designed for various advisory programs (“Advisory Share Classes”). In general, Advisory Share Classes are not subject to either sales loads or ongoing marketing, distribution, and/or service fees (often referred to as “12b-1 fees”), although some may assess fees for record keeping and related services. Monex Asset Management typically utilizes Advisory Share Classes that provide no 12b-1 fees or other compensation to us. To the extent we inadvertently receive 12b-1 fees or service fees, those fees are credited to the clients Advisory Fee payable to us.

Notwithstanding the above, in certain circumstances, we may offer non-Advisory Share Classes of mutual funds (i.e., those that are subject to 12b-1 fees). For example, where a fund does not offer an Advisory Share Class that is equivalent to those offered there. In these situations, Monex Asset Management will also credit such 12b-1 fees that we receive against the Advisory Fee payable to us.

If you hold non-Advisory Share Classes of mutual funds in your advisory account or seek to transfer non-Advisory Share Classes of mutual funds into your advisory account, we may elect to convert those shares to Advisory Share Classes to the extent they are available. This will typically result in your shares being converted to a share class with a lower expense ratio, although exceptions are possible.

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*Brokerage Account Transition Advisory Fee Credit.* Effective January 2020, Clients who elect to transition portfolio assets held in a brokerage account with Monex Securities to a managed portfolio account with Monex Asset Management, will receive a credit against the Advisory Fee for upfront commissions, 12b-1 fee or servicing fee (collectively “Brokerage Compensation”) that was paid to Monex Securities for the purchase of offshore mutual funds (“Offshore Funds”) acquired for your brokerage account in the six month period immediately preceding your engaging Monex Asset Management to manage your investment portfolio (“Advisory Fee Credit”). The Advisory Fee Credit is applied to the Advisory Fee that is payable quarterly. To the extent that there is any Advisory Fee Credit remaining in any respective quarter after the application to the Advisory Fee, Monex Asset Management will apply the unapplied Advisory Fee Credit to the next following Advisory Fees payable to us, until the Advisory Fee Credit is fully utilized. In the event the Advisory Fee Credit is not fully utilized upon the termination of the advisory agreement, any unused Advisory Fee Credit will be forfeited at the time of termination.

Application of Advisory Fee Credit is an obligation of Monex Asset Management, and the client will look solely to Monex Asset Management for the application of such Advisory Fee Credit to the Advisory Fee. The Client does not have any property interest, whether through contract or under equitable principles, to the Brokerage Compensation earned by Monex Securities.

*Conflicts of Interest.* Investments in both the Advisory Share Class and the non-Advisory Share Class of mutual funds have inherent conflicts of interest based upon the potential payment of 12b-1 fees and or servicing fees to Monex Asset Management. We have mitigated that conflict of interest primarily by typically recommending Advisory Share Classes of mutual funds, and waiving servicing fees; however, we have also mitigated that conflict of interest by rebating all 12b-1 and servicing fees charged to your account, in the event we are paid the same. You are encouraged to speak with your Financial Advisor to the extent you have questions about the Mutual Fund Share Classes, the Advisory Fee Credit, and their impact on the management of your investment portfolio by Monex Asset Management.

#### ***Cash, Money Market Funds, and Cash Sweep Programs***

Generally, some portion of your advisory account will be held in cash. This can result from an asset allocation investment strategy, considering current market conditions, defensive portfolio purposes, portfolio trading purposes, or other cash management purposes. Monex Asset Management’s selection of money market mutual funds, cash sweep accounts, or comparable investments for holding cash reserves in the client's account is limited to investments in which portfolio assets are custodied with Pershing. The selection typically includes money-market, municipal money-market and government money-market funds. To this end, Monex Asset Management will effect “sweep” transactions of free credit balances in your account into interest-bearing deposit accounts or investment vehicles established by Pershing. Clients should be aware that Monex Securities receives an amount up to 0.50% of all Monex Asset Management clients’ assets invested in money market funds available on Pershing LLC’s platform. The specific percentage that can be paid to Monex Securities depends on the particular money market funds in which Monex Asset Management clients are invested and on the total amount of client assets

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allocated to those funds. This compensation is in addition to the Advisory Fee and other fees, etc., received from client accounts.

Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments, and funds received from clients are invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after the settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, Monex Securities may obtain federal funds before deposits are credited to client accounts and thus may realize some economic benefit from the delay in investing these funds.

These arrangements pose a conflict of interest for Monex Asset Management and its investment professionals, as they have an incentive to recommend money market funds generally and particular money market funds to increase the amount of revenue Monex Securities receives. Monex Asset Management mitigates this conflict of interest by disclosure to our clients related to these practices, adopting supervisory practices designed to ensure that client recommendations are based on the best interests of clients and not on any compensation that might be received by the Firm or its affiliate, monitoring such transactions to ensure you are advised of such conflicts, and the respective transactions comply with our fiduciary duties.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculations hereunder and you may experience negative performance on the cash portion of the assets held in your account if our advisory fee charged on your cash is higher than the return you receive on your cash investments and any investments or sweep accounts structured to hold cash reserves.

Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, Monex Asset Management has no control over how cash reserves are handled. The client and/or custodian will make that determination.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculations hereunder and you may experience negative performance on the cash portion of the assets held in your account if our advisory fee charged on your cash is higher than the return you receive on your cash investments and any investments or seep accounts structured to hold cash reserves.

### ***Margin Lending***

With respect to purchases of securities on credit, commonly known as margin purchases, a portion of the purchase price is deposited when buying securities on margin, and the clearing broker extends credit on the remainder. To the extent you utilize Pershing for margin loan financing, the loan will appear as a debit balance on your monthly account statement, and Pershing will charge interest on the debit balance and require customers to maintain securities or cash to repay the loan and its interest, pursuant to the Margin Agreement executed between you and

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Pershing. Monex Securities will receive a portion of the interest you pay on the margin loan. As a result, we have a conflict of interest with respect to our interest-sharing relationship, as we receive that compensation in addition to the advisory fees paid on your investment portfolio. Notwithstanding that, we mitigate that conflict of interest by not generally recommending margin relationships with Pershing unless the particular investment strategy is suitable for the client and/or the client specifically requests an investment strategy requiring a Margin Loan.

### ***FX Transactions***

To the extent you request a foreign exchange (“FX”) transaction to transfer cash in your portfolio out of your portfolio or transferred into your portfolio, you will pay Monex Securities FX transaction fees. You should be aware that associated persons who are registered with both Monex Securities and us will generally receive compensation as a portion of the FX transaction fee payable to Monex Securities. Notwithstanding the above, these FX transactions will be conducted subject to proper and customary oversight to minimize the conflicts of interest between you and Monex Securities and its registered representatives.

### ***Insurance Compensation***

Monex Asset Management is also registered as an insurance agency with the state of Texas. Certain associated persons are also licensed insurance agents. To the extent insurance products are recommended to advisory clients, including IUL policies, associated persons will receive commissions or other compensation from the insurance company that issuing the policy. This compensation is separate from and in addition to the Advisory Fee. This arrangement creates a conflict of interest, as associated persons have a financial incentive to recommend insurance products. Monex Asset Management mitigates this conflict of interest by providing full and fair disclosure to clients, reviewing the client’s financial situation and needs prior to making a recommendation, requiring that recommendations be made in the client's best interest, and subjecting such recommendations to supervisory oversight. Clients are not obligated to implement insurance recommendations through Monex Asset Management or its associated persons.

### ***Compensation to Financial Advisors***

A portion of the advisory fees payable to us for your account is allocated, on an ongoing basis, to your Financial Advisor. The compensation rate we pay Financial Advisors for advisory services may be higher than the rate they can earn from transaction-based brokerage accounts. Your Financial Advisor may therefore have a financial incentive to recommend advisory services set forth in this Brochure instead of the brokerage services of our broker-dealer affiliate.

Finally, if you choose to utilize the advisory services described in this Brochure, your Financial Advisor may agree to charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your Financial Advisor. Therefore, your Financial Advisors may have a financial incentive not to reduce fees.

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### ***Cash and Money Market Funds***

Certain money market, municipal money market, and government money-market funds may pay Monex Securities a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees, etc., received from client accounts. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are generally invested automatically on a daily basis. When securities are sold, funds (less any changes) are generally credited on the first business day after the trade date. Due to the foregoing practices, we realize some economic benefit because of the delay in investing these funds.

## **Item 15 - Custody**

### ***Selection of Custodian***

Monex Securities clears its securities transactions on a fully disclosed basis through Pershing. As a result of that relationship, Pershing and Interactive Brokers are the qualified custodians for our clients electing to use our trade execution platform. Pershing was selected as the executing and clearing broker based upon, among other things, their financial solvency and credibility, its level of customer service, its trade execution capability, its managed account trading desk, and its reputation. Regardless of our recommendation regarding the custodian, clients may direct us to use other custodians. See *Item 12 - Brokerage Practices*, *Item 10 - Other Financial Industry Activities and Affiliations*, and *Item 14 Client Referrals and Other Compensation*.

### ***Custody of Client Assets and Funds***

Monex Asset Management has custody of the funds and securities solely as a result of its authority to withdraw funds from client accounts to pay its advisory fee. However, Monex Asset Management has written authorization from each client to deduct advisory fees from the account held with the qualified custodian and each time a fee is directly deducted from a client account, then concurrently we send: (i). the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and (ii). the client an invoice or statement itemizing the fee. The itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

### ***Statements***

You should receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that your money manager or we provide to you, if any. Our statements and invoices vary from custodial statements based on accounting procedures and reporting formats.

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### ***Standing Letters of Authority***

Monex Asset Management has been deemed to have inadvertent custody because of your providing us with Standing Letters of Authorization (“SLOA(s)”) to withdraw funds from your portfolio account to pay third parties. Notwithstanding that, a surprise examination is not required as we are relying on the conditions set forth in the No-Action letter issued by the Securities and Exchange Commission on February 21, 2017. Pursuant to the conditions set forth in the No-Action Letter, Monex Asset Management confirms that (1) you provide an instruction to the qualified custodian, in writing, that includes the your signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed; (2) you authorize us, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time; (3) Pershing performs appropriate verification of the instruction, such as a signature review or other method to verify the your authorization, and Pershing provides a transfer of funds notice to you promptly after each transfer; (4) you have the ability to terminate or change the instruction to Pershing; (5) we have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the your instruction; (6) we maintain records showing that the third party is not a related party of Monex Asset Management or located at the same address as Monex Asset Management; and (7) Pershing sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Item 16 - Investment Discretion**

### ***Discretionary Authority***

We usually receive discretionary authority from you at the outset of an advisory relationship. That discretionary authority allows us to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities.

### ***Documentation of Discretion***

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees, and or other charges incurred by the managed account.

### ***Discretionary Management***

In all cases, however, our discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for whom it advises. Additionally, in many cases, the discretion is subject to mutually agreed-upon investment guidelines relative to the client’s portfolio. Investment guidelines and restrictions must be provided to Monex Asset Management in writing.

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## **Item 17 - Voting Client Securities**

As a matter of Firm policy and practice, Monex Asset Management does not have any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios.

## **Item 18 - Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition, which would impede our ability to provide the advisory services described herein. Monex Asset Management has no financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.

Additionally, we do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we have no additional financial disclosures to make.

## **Item 19 - Other Information**

### ***Privacy***

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (which we obtain from your account and your transactions) to employees who need to know it to provide products or services to you or to alert you to new, enhanced, or improved products or services we provide. We maintain physical, electronic, and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

### ***California Disclosure***

Monex Asset Management will disclose to clients, in writing, before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including: (i) compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and (ii) charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.

### ***Business Continuity Plan***

Monex Asset Management has developed a Business Continuity Plan to address how we will respond to events that may disrupt our business. Since the timing and impact of disasters are unpredictable, we will have to be flexible in our response as events unfold. This plan is designed to permit us to resume operations as quickly as possible, given the scope and severity of the

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significant business disruption. The Business Continuity Plan covers data backup and recovery, mission-critical systems, financial and operational assessments, alternative communications, alternate business locations, impact on banks and counterparties, regulatory reporting, and the assurance of prompt access to funds and securities for our customers.

Varying Disruptions – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing Monex Asset Management, the business district where we are located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In the event of a disruption affecting only us or the building housing us, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within 4 hours. In the event of a disruption affecting our business district, city, or region, we will relocate appropriate staff to a site outside the affected area to communicate with Pershing and Interactive Brokers on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm, if necessary.

If you have questions about our Business Continuity Plan, please feel free to contact us.