

# Finamex Asset Management, LLC

## Client Brochure

*This Brochure provides information about the qualifications and business practices of Finamex Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at [001-5255-5209-2104]. 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.*

*Finamex Asset Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Finamex Asset Management, LLC is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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Houston, Texas 77056  
281-863-6110**

**May 31, 2019**

## **Item 2: Material Changes**

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. Finamex Asset Management, LLC (“Finamex” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end.

Further, Finamex will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. As this is not an annual update, there are no changes to be disclosed under this item at this time.

Currently, Finamex’s Brochure may be requested by contacting Jose Ramos, CCO, by phone at 281-863-6110 or via email at [jramos@finamex.com.mx](mailto:jramos@finamex.com.mx). Additional information about Finamex is also available via the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with Finamex who are registered, or are required to be registered, as investment adviser representatives of Finamex.

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\* The SEC requires all investment advisers to organize their disclosure documents according to specific categories listed above, some of which may not pertain to Finamex business. When a required category is not relevant to our business, we list the category and state that it does not apply.

## **ITEM 4: ADVISORY BUSINESS**

### **A. Firm Description**

Finamex Asset Management, LLC is a Delaware limited liability company that was formed on March 12, 2019 to act as a Registered Investment Adviser registered the Securities and Exchange Commission (“SEC”) Finamex Asset Management, LLC is 100 % owned by Finamex USA, LLC, a Delaware formed limited liability company, which is in turn 100 % owned by Casa de Bolsa Finamex S.A.B. de C.V. (“Finamex Casa de Bolsa”). Finamex Casa de Bolsa is a publicly traded company that was formed in Mexico and that is listed in the Mexican Stock Exchange (BMV) and the Bolsa Institucional de Valores (BIVA) in Mexico. Mr. Eduardo Arturo Carrillo Diaz and Mr. Mauricio Lopez Velasco Aguirre each own individually more than 25 % of Casa de Bolsa Finamex S.A.B de C.V.

Finamex Asset Management, LLC has a sister company, Finamex International, LLC which is 100 % owned by Finamex USA, LLC. Finamex International is in the process of becoming a broker/dealer and a Member of the Financial Industry Regulatory Authority (FINRA) and is registering with the U.S. Securities and Exchange Commission (SEC).

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

Finamex Asset Management, LLC offers to its client’s discretionary and/or non-discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services. These services are offered to individuals, families, trusts and businesses. The investment advisory services are based on Modern Portfolio Theory (“MPT”) that makes it possible for anyone who enters into a Finamex Asset Management, LLC Client Agreement (the “Advisory Client Agreement”), to access state-of-the-art investment advisory and portfolio management services. As provided in the Advisory Client Agreement, advisory clients (“Clients”) grant Finamex Asset Management, LLC discretionary authority to manage Client asset in accounts (“Client Accounts” or “Accounts”) opened and maintained at Finamex Asset Management, LLC. Finamex Asset Management’s, primary investment objective is to seek maximum long-term, risk-adjusted, after-tax, net of fee returns.

#### Account Portfolio Management

Finamex Asset Management, LLC provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. Finamex Asset Management, LLC works with each Client to identify their investment goals and objectives as

well as risk tolerance and financial situation in order to create a portfolio allocation. Finamex Asset Management, LLC will then construct a portfolio, consisting of exchange-traded funds (“ETFs”), mutual funds, and individual stocks and bonds to achieve the Client’s investment goals. Finamex Asset Management, LLC may also utilize other security types as necessary to meet the needs of its Clients.

At Finamex Asset Management LLC, our investment philosophy is based on the belief that markets are efficient over the long-term, but can remain relatively inefficient and irrational over the shorter term. At the core of our investment management approach is a tactically managed Asset Allocation strategy that seeks to capture market inefficiencies in various asset classes over time while maintaining a below-market risk posture. This provides Clients with a longer-term core solution which is aligned with our belief that markets are efficient and rational over longer periods of time.

However, in aligning with our belief that markets can operate away from the fundamentals over the shorter term, Finamex Asset Management, LLC manages a number of technically based strategies that are designed to capitalize on trends that we see developing in various markets/asset classes. The goal of these strategies is to limit losses in unfavorable market environments while attempting to outperform the broad market over longer periods of time. The firm employs technical analysis and proprietary rule-based modeling in managing these accounts.

These portfolios are as follows:

#### **International Fixed Income Portfolio**

- This portfolio invests exclusively in ETFs (Exchange Traded Funds) managed by BlackRock.
- The investment objective of this strategy is to offer clients access to international fixed income markets.
- By using ETF’s, investors have access to a very broad number of fixed income securities, over 1,000 different bonds across the world make up the universe of options to invest into.
- This portfolio is geared towards mid to long term investors who in addition to hedging seek yields from international debt securities, primarily in bonds issued by the Government, agencies and corporations in the United States.
- The strategy of this portfolio considers among other factors: revenues estimated for each type of asset, as well as their volatility and correlation.
- This Portfolio may invest in short term Mexican government issued Bonds.
- Liquidity is available quarterly.

### **Global Equity Portfolio**

- This portfolio invests in global ETFs (Exchange Traded Funds) that replicate the performance of country indices, stock markets indices or economy sectors like technology, health, energy, financial, etc.
- The investment objective of this strategy is to offer clients access to international equities markets.
- This portfolio is actively managed and uses research tools in order to find opportunities in international equities markets. The benchmark for this portfolio is the ACWI (All World Country Index)
- This investment alternative is ideal for clients that wish to diversify their portfolios. The time horizon for investments in this strategy is medium to long term.
- Liquidity is available on a monthly basis.

### **US Equity Portfolio**

- This portfolio was created to offer clients the option to invest in equities issued by large cap companies based in the United States.
- As with other equities investment strategies, the US Equity Portfolio is actively managed and the investment decisions are based on available fundamental and technical research tools.
- This investment alternative is ideal for clients that wish to diversify their portfolios. The time horizon for investments in this strategy is medium to long term.
- The benchmark of this portfolio is the Standard and Poor's 500 index (S&P 500) of the largest 500 U.S. publicly traded companies.
- Liquidity for this strategy is available on a monthly basis.

### **Liquidity Portfolio**

- This Portfolio was created to offer clients an alternative to efficiently invest in short term U.S. Government and / or U.S. commercial bank issued fixed income securities.
- Offers daily liquidity

### **Finamex Portfolio**

- This portfolio offers clients the opportunity to invest in Peso-denominated fixed-income securities.

- One of the features of this portfolio is that it uses natural hedges to protect investments from market swings and interest rates and foreign exchange volatilities.
- This actively managed investment alternative is ideal for clients that wish to maximize returns with a time horizon of medium to long term.
- Liquidity for this strategy is available quarterly.

### **Mexico II Equity Portfolio**

- Portfolio aimed at investors who seek a solid diversification in equity securities of the Mexican Stock Exchange with an attractive and balanced combination.
- The benchmark of this strategy is the Mexican Stock Exchange's Índice de Precios y Cotizaciones index (S&P / BMV IPC).
- Liquidity for this strategy is available monthly

### **Local Fixed Income**

- This portfolio is invested in short, medium, and long-term fixed income securities issued by the Federal Government, the Institute for the Protection of Bank Savings (IPAB) and the Bank of Mexico, denominated in pesos and UDIS.
- This portfolio, as its name implies, invests only in securities issued by the Federal Government. 70 %, in short term and very low risk investments, and 30% in long term assets seeking market opportunities.

### **Derivatives Portfolio**

- This Portfolio is intended for sophisticated clients toward investments, with extensive knowledge of financial markets and high-risk tolerance.
- This is a portfolio with options and forwards that has the potential to provide high returns; however, by its very nature it involves a high level of risk.
- The investment strategy is based on expected trends on the foreign exchange markets, interest rates and indexes. Investments are made using options and forwards for which a premium that represents only a fraction of the total investment amount is paid. This enables the increase of the results of the Portfolio in relation with the variable involved (Exchange Rate, Interest Rate, Commodities or Indexes); and as explained above, if the trends are adverse, losses may also be increased.

Finamex Asset Management, LLC will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor. Finamex Asset

Management, LLC may periodically rebalance or adjust client accounts under its management. If the client experiences any significant changes to his/her financial or personal circumstances, the Client must notify the Firm so that the Firm can consider such information in managing the Client's investments.

Finamex Asset Management, LLC evaluates and selects ETFs and mutual funds for inclusion in Client portfolios only after applying their internal due diligence process. Finamex Asset Management, LLC may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Finamex Asset Management LLC may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. Finamex Asset Management, LLC may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Prior to rendering investment advisory services, Finamex Asset Management, LLC will ascertain, in conjunction with the Client, the Client's financial situation, risk tolerance, and investment objective[s].

Finamex Asset Management, LLC will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Finamex Asset Management, LLC accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated brokerage account, pursuant to the Client Investment Advisory Agreement.

#### Financial Planning and Consulting Services

Finamex Asset Management, LLC will typically provide a variety of financial planning services to individuals, families, small businesses and other Clients, pursuant to a written Financial Planning or Consulting Agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation. Finamex Asset Management, LLC and the Client will discuss and agree upon the specific topics to be covered by the financial plan. Such topics may include investment planning, retirement planning, tax planning, insurance planning, estate planning, or business planning. Finamex Asset Management, LLC will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the Client in order to understand the Client's current financial situation, financial goals, specific issues or questions, and topics to be covered by the financial plan.

A financial plan developed for, or financial consultation rendered to the Client, will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. Finamex Asset Management, LLC may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. Finamex may be



compensated for these referrals, but any such compensation will not increase the fee charged to the client by Finamex. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

As indicated above, to the extent specifically requested by a client, Finamex Asset Management, LLC may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Finamex Asset Management, LLC, nor any of its representatives, serves as an attorney or accountant, and no portion of the services rendered by Finamex Asset Management, LLC should be construed as legal or accounting advice. To the extent of the request by a client, Finamex Asset Management, LLC may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorney, accountants, insurance agent, etc.). If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and not Finamex Asset Management, LLC, shall be responsible for the quality and competency of the services provided.

Clients are responsible for promptly notifying Finamex Asset Management, LLC if there is any change in their financial situation or investment objectives so that Finamex Asset Management, LLC can review, and if necessary, revise its previous recommendations or services.

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

Finamex Asset Management, LLC will offer its clients tailored advisory services to the individual needs of each of its Clients, in accordance with certain investment options designated by Clients, and subject to certain account limitations that prospective investors should consider. Finamex Asset Management, LLC asks each prospective Client a series of questions to evaluate both the individual's objective capacity to take risk and subjective willingness to take risk. We ask subjective risk questions to determine both the level of risk an individual is willing to take and the consistency among the answers. For example, if an individual is willing to take a lot of risk in one case and very little in another, then the individual is deemed inconsistent and is therefore assigned a lower risk tolerance score than the simple weighted average of her answers. We ask objective questions to estimate with as few questions as possible whether the individual is likely to have enough money saved at retirement to afford her likely spending needs. The greater the excess income, the more risk the Client is able to take.

#### **D. Wrap Fee Programs**

Finamex Asset Management, LLC does not sponsor or manage a wrap fee program

#### **E. Amounts of Assets Under Management**

As of May, 2019, Finamex Asset Management, LLC does not have any assets under management.

## ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES

### A. Description of Compensation and Basic Fee Schedule

The client can engage Finamex Asset Management, LLC to provide discretionary advisory services and financial planning services for a *fee-only* basis. Finamex Asset Management, LLC annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Finamex Asset Management, LLC as follows:

<u>Market value of Portfolio</u>	<u>% of Assets</u>
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#### INTERNATIONAL FIXED INCOME PORTFOLIO

On the first US\$ 250,000	1.25 % Annual Fee
On the next US\$ 500,000	1.00 %
On the next US\$ 1,000,000	0.80 %
Amount over US\$ 2,500,00	0.65 %

#### GLOBAL EQUITY PORTFOLIO

On the first US\$ 250,000	1.50 % Annual Fee
On the next US\$ 1,000,000	1.00 %
Amount over US\$ 3,000,000	0.75 %

#### US EQUITY PORTFOLIO

On the first US\$ 250,000	1.50 % Annual Fee
On the next US\$ 1,000,000	1.00 %
Amount over US\$ 3,000,000	0.75 %

#### LIQUIDITY PORTFOLIO

On the first US\$ 250,000	1.25 %
On the next US\$ 500,000	1.00 %
On the next US\$ 1,000,000	0.85 %
On the next US\$ 2,500,000	0.50 %
On the next US\$ 5,000,000	0.25 %
Amount over US\$ 10,000,000	0.15 %

## FINAMEX PORTFOLIO

### Fixed fees:

On the first US\$ 250,000	1.75 %
On the next US\$ 1,000,000	0.75 %
On the next US\$ 2,500,000	0.50 %
On the next US\$ 5,000,000	0.35 %
Amount over US\$ 10,000,000	0.25 %

## MEXICO II EQUITY PORTFOLIO

On the first US\$ 250,000	1.50 % Annual Fee
On the next US\$ 1,000,000	1.00 %
Amount over US\$ 3,000,000	0.75 %

## LOCAL FIXED INCOME

On the first US\$ 250,000	1.25 %
On the next US\$ 500,000	1.00 %
On the next US\$ 1,000,000	0.85 %
On the next US\$ 2,500,000	0.50 %
On the next US\$ 5,000,000	0.25 %
Amount over US\$ 10,000,000	0.15 %

## DERIVATIVES PORTFOLIO

On the first US\$ 250,000	1.50 % Annual Fee
On the next US\$ 1,000,000	1.00 %
Amount over US\$ 3,000,000	0.75 %

Finamex Asset Management, LLC investment advisory fee is negotiable at Finamex Asset Management, LLC discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed ; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional rendering the service(s); prior relationships with Finamex Asset Management, LLC and / or its representatives, and negotiations with the client.

In other circumstances, Finamex Asset Management, LLC may agree to a flat annual fee. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by Finamex Asset Management, LLC to any particular client could be available from

other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

### Financial Planning and Consulting Services (Stand Alone)

To the extent requested by a client, Finamex Asset Management, LLC may provide financial planning and / or consulting services (including investment and non-investment related matters such as estate, tax and insurance planning, etc.) on a stand-alone separate hourly rate basis, registrant's planning and consulting fees are negotiable, but generally range from negotiable up to US\$ 350.00 on an hourly basis, depending upon the scope and complexity of the service(s) required and the professional(s) rendering the service(s),

### **B. Payment of Fees**

All investment advisory services fees, unless specifically agreed upon with the client will be deducted on a quarterly basis from clients' accounts. Finamex Asset Management, LLC annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets, including cash, cash equivalents, accrued interest, if any and any short positions in the account as of the last business day of the previous quarter. If the Account is closed during the quarter, fees will be pro-rated based upon the number of days the Account was opened during the quarter. Finamex Asset Management, LLC generally requires a minimum asset base of US\$ 250,000 for investment advisory services. Finamex Asset Management, in its sole discretion, may charge lower investment management fee or waive or reduce its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.) The Investment Advisory Agreement between Finamex Asset Management, LLC and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement.

### **C. Other Fees**

Clients' accounts with balances below US\$ 250,000 will be charged by Finamex Asset Management, LLC a US\$ 250.00 administrative and handling fee, one-fourth of which will be to be deducted from the clients account on a quarterly basis. This fee may be waived on a case-by-case basis.

All Finamex clients may incur additional charges that may be imposed by the respective custodian, including, but not limited to, transaction fees and costs, margin or debit interest, costs associated with exchanging foreign currencies, SEC fees, transfer fees, exchange fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. Such charges, fees and commissions are exclusive of and in addition to Finamex's fees. Additional fees for work outside our normal services may apply. (i.e., services related to divorce, estates, family office, account reconciliations and foreign transfers).

## **D. Prepayment of Fees**

All investment advisory services fees, unless specifically agreed upon with the client will be deducted on a quarterly basis from clients' accounts. Finamex Asset Management, LLC annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets, including cash, cash equivalents, accrued interest, if any and any short positions in the account as of the last business day of the previous quarter. If the Account is closed during the quarter, fees will be pro-rated based upon the number of days the Account was opened during the quarter.

## **E. Other Compensation**

Finamex Asset Management, LLC expects to receive compensation in the form of asset-based sales charges or service fees (commonly known as 12b-1 fees) from the sales of Mutual Funds. Wherever Finamex believes it appropriate and in the client's best interests, the Firm will recommend "no-load" funds.

The receipt of additional fees from a mutual fund may present a conflict of interest and gives Finamex Asset Management, LLC and its advisors an incentive to recommend investment products based on the compensation received, rather than on a client's needs. This conflict will be mitigated by the Firm's adherence to its Code of Ethics.

## **Mutual Fund Charges**

To the extent mutual funds are selected by Finamex to fill components of a client's overall investment strategy, Finamex endeavors to purchase such mutual fund shares at net asset value or on a "no-load" basis. To the extent Finamex is successful in doing so, its clients will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of shares of mutual fund shares

Clients will have the option to purchase investment products that Finamex Asset Management, LLC recommended through other brokers or agents that are not affiliated with Finamex Asset Management, LLC.

Commissions and other compensation for the sale of investment products recommended by Finamex Asset Management, LLC provide the primary compensation.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Finamex Asset Management, LLC fees associated with services are not “performance based” (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). The fees noted herein represent fees for advisory services only.

## **ITEM 7: TYPES OF CLIENTS**

Clients to whom Finamex Asset Management, LLC will provide investment advisory services will be primarily high net worth individuals living in Mexico. To a lesser extent, the Firm's clients will also consist of trusts, investment companies, pension fund managers (Adores) and businesses.



## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

Finamex Asset Management, LLC may utilize, but not limited to, the following methods of security analysis:

- Charting – Analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices.
- Fundamental – Analysis performed on historical and present data, with the goal of making financial forecasts of potential market valuations.
- Technical – Analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices.
- Cyclical – Analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

### **B. Material Risks**

Every method of analysis has its own inherent risks. To perform an accurate market analysis, Finamex Asset Management, LLC must have access to current / new market information. Finamex Asset Management, LLC has no control over the dissemination rate of market information; therefore, unbeknownst to Finamex Asset Management, LLC, certain analyses may be compiled with outdated market information, limiting the value of Finamex Asset Management, LLC analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that the forecasted change in market value will materialize into actionable and / or profitable investment opportunities.

Finamex Asset Management, LLC asset allocation strategies primarily allocate client investment assets among various individual equities (stocks), fixed income securities, mutual funds, cash, closed-end funds, alternative investments and exchange traded funds (ETF's) on a discretionary basis in accordance with the clients designated investment objectives. The clients' designated investment objective determines the allocation to each investment vehicle.

In contrast to Finamex Asset Management, LLC's asset allocation strategies, the investment strategies are designed to achieve certain strategic investment objectives and generally employ a more concentrated number of asset classes and investment vehicles and may not be as diversified across multiple assets classes as the asset allocation strategies. An investment strategy may be used as a component of an asset allocation strategy depending on the client's designated investment objective.

Finamex Asset Management, LLC may employ a tactical asset allocation process, overweighting and underweighting various asset classes relative to their strategic asset allocation target based on the outlook for each asset class over the next 12 to 18 months. This tactical asset allocation process is based on valuation philosophy and framework, whereby asset class is ranked based on

its relative degree of attractiveness (or unattractiveness) in terms of its valuation vis-à-vis its historical average valuation over time.

In addition to the fundamental investment strategies discussed above, Finamex Asset Management, LLC may also recommend options transactions, a strategy that has a high level of inherent risk (see discussion below in Risk of Loss). If an option strategy is recommended, it will generally be delivered on a limited basis.

When implementing investment advice given to the clients, Finamex Asset Management, LLC may employ methods that include long term purchases (securities held at least a year) and short-term purchases (securities sold within a year). Short term purchase may be deemed necessary due to changes in security valuations; market conditions or meet the cash needs of the client.

### **C. Certain Risk Factors**

Investing in securities involves risk of loss that clients should be prepared to bear. Finamex Asset Management, LLC method of analysis and investments strategies do not present any significant or unusual risks, however, every investment strategy has its own inherent risks and limitations. The risk involved for different client accounts will vary based in the client's investment strategy and the type of securities or other investment held in the client's account. The following are descriptions of various primary risks related to the investment strategies used by Finamex Asset Management, LLC. Not all possible risks are described below:

**Credit Risks** – The risk that the portfolio could lose money if the issuer of guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest of principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

**Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

**Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.

**External Strategy Implementation Risk** - In implementing the various strategies outlined in Section 4 of this brochure, Finamex will receive buy/sell "signal" from an affiliate in Mexico. Our results may differ from what is reported by the affiliate due to the timing of our trade execution and potential differences between the version of the strategy we have implemented versus what the manager runs internally. As a result, performance may differ from the performance of the strategies as reported by our Mexican affiliate

**Fixed Income Risks:** Fixed income investments are generally less volatile than equities but are subject to risks. The risks include, without limitation, interest rate risks (risks that changes in the interest will devalue the investment), credit risk (risk of default by borrowers), or maturity risk (risk that bonds or notes will change from time of issuance to maturity).

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

**Interest-Rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.

**Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

**Issuer Non-Diversification Risk** – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

**Leverage Risk** – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

**Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.

**Management Risks** - There is risk that the investment techniques and risk analysis applied by Finamex Asset Management, LLC may not produce the desired results. There is no guarantee that a client's investment objective will be achieved.

**Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

**Mortgage- and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

**Short Sale Risk** – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

**Private Securities Risk** – Private securities contain the risks of their respective public securities, but these risks can be magnified due to their illiquidity and lack of public knowledge on the business. These securities are inherently riskier.

**Real Estate Risk** – The real estate market has experienced some large swings recently. Due to changes in interest rates, the lending market, economic policy, and supply and demand, in addition to illiquidity, real estate investments can carry a great deal of risk.

## **ITEM 9: DISCIPLINARY INFORMATION**

Finamex Asset Management, LLC has no disciplinary events.

### **A. Criminal or Civil Action**

Neither Finamex Asset Management, LLC, nor any of our employees, has had any civil or criminal actions brought against them.

### **B. Administrative Procedure**

Finamex Asset Management, LLC has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **C. Self-Regulatory Organization**

Jorge Martin Ramos Landero (CRD # 2269682), President of Finamex Asset Management, LLC reflects a single disciplinary disclosure which was initiated in 2014, while he was with an un-affiliated FINRA member firm. Mr. Ramos entered into an offer of settlement with FINRA which resulted in him being fined \$15,000 and he was suspended for 45 days from acting in a principal capacity, only. Mr. Ramos served his suspension from 1/20/15 through 03/5/2015 without incident, and his fine was paid in full. The action (FINRA Case # 2011025617702) was related to his employer firm's payments of transaction-related compensation to persons associated with his employer firm's parent company (which is a registered Mexican broker/dealer). The recipients of the compensation were not registered with FINRA and it was found that they were not eligible for the foreign finder exemption as their involvement with the Firm's customers went beyond an initial introduction. FINRA cited the Firm for failing to maintain an adequate supervisory system. Since Mr. Ramos was the President and CCO, he was ultimately held responsible for supervision and the activities of the Firm, thus he was named as a respondent. For additional information please refer to FINRA's BrokerCheck system.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

Jorge Martin Ramos Landero (CRD # 2269682) – President and Chief Executive Officer of Finamex Asset Management, LLC is also President, Chief Executive Officer, Chief Compliance Officer and Registered Options Principal for Finamex International, LLC, a fully introduced broker dealer that is an affiliated company of Finamex Asset Management, LLC.

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

Neither Finamex Asset Management, LLC nor its representatives are registered as a FCM, CPO or a CTA.

### **C. Registration Relationships Material to This Advisory Business and Conflicts of Interest**

Jorge Martin Ramos Landero (CRD # 2269682) – President and Chief Executive Officer of Finamex Asset Management, LLC is also President, Chief Executive Officer, Chief Compliance Officer and Registered Options Principal for Finamex International, LLC, a fully introduced broker dealer that is an affiliated company of Finamex Asset Management, LLC.

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

Finamex does not refer clients to any other advisors (such as sub-advisors) and thus does not pay, or receive payment from other advisors.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

Finamex Asset Management, LLC maintains an investment policy relative to personal securities transactions. This investment policy is part of Finamex Asset Management, LLC's overall Code of Ethics, which serves to establish a standard of business conduct for all of Finamex Asset Management, LLC Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

Finamex endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- Finamex discloses to clients the existence of all material conflicts of interest, including the potential for Finamex and our employees to earn compensation from advisory clients in addition to advisory fees;
  - Finamex discloses to clients that they are not obligated to purchase recommended investment products from employees or the investment managers or investment funds;
  - Finamex collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
  - Finamex conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
  - Finamex requires that its employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
  - Finamex periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Finamex; and
- Finamex educates our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Finamex Asset Management, LLC does not recommend that clients buy or sell any security in which a related person to Finamex Asset Management LLC has a financial interest.

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

Finamex Asset Management, LLC and / or its representatives *may* buy or sell securities that are also recommended to clients. This practice creates a situation where Finamex Asset Management, LLC and its representatives are in a position from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e. the practice whereby the owner of shares of a security recommends that security for investment

and immediately sells it a profit upon the rise in the market price which follows the recommendation) could take place if Finamex Asset Management, LLC did not have adequate policies to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e. personal trades executed prior to those of Finamex Asset Management, LLC’s clients) and other potentially abusive practices.

#### **D. Trading the Same Securities as Clients’ Securities**

Finamex Asset Management, LLC has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Finamex Asset Management, LLC “Access Persons”. Finamex Asset Management, LLC securities transaction policy requires that an “Access Person” must provide the Chief Compliance Officer or his / her designee with a written report of their current securities holdings within ten (10) days after becoming an “Access Person”. Additionally, each “Access Person” must provide the Chief Compliance Officer or his/her designee with a written report of the “Access Person’s” current holdings at least once quarterly as well as each twelve (12) month period thereafter on a date Finamex Asset Management, LLC selects.



## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selecting Brokerage Firms**

In the event that the client requests that Finamex Asset Management, LLC recommended a broker dealer / custodian for execution and / or custodial services, Finamex Asset Management, LLC generally recommends that investment advisory accounts be maintained at Finamex International, LLC. Prior to engaging Finamex Asset Management, LLC to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Finamex Asset Management, LLC setting forth the terms and conditions under which Finamex Asset Management, LLC shall advise on the client's assets, and a separate custodial/clearing agreement with Finamex International, LLC.

There is no minimum client number or dollar number that Finamex Asset Management, LLC must meet in order to receive free research from the custodian or broker/dealer. There is no incentive to for Finamex Asset Management, LLC to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

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

Finamex Asset Management, LLC receives no research, product, or services other than execution from Finamex International, LLC or third-party in connection with client securities transactions ("soft dollar benefits").

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

Finamex Asset Management, LLC will pay compensation to affiliates in Mexico for referrals that open accounts with the Firm. This compensation will be based upon the advisory fees received by the Firm and will not increase the fees paid by a client.

#### **3. Directed Brokerage**

Finamex Asset Management, LLC allows clients to direct brokerage. Finamex Asset Management, LLC may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage Finamex Asset Management, LLC may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregation of Securities for Multiple Client Accounts**

Finamex Asset Management, LLC maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing Finamex Asset Management, LLC the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Client accounts are reviewed daily by the Chief Compliance Officer. The client specific advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels on a regular basis, but no less than annually. All accounts at Finamex Asset Management, LLC are assigned to these reviewers.

### **B. Factors that Will Trigger Non-Periodic Reviews**

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

### **C. Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Third Party Compensation**

Finamex Asset Management, LLC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Finamex Asset Management, LLC clients.

### **B. Referrals**

Finamex Asset Management, LLC will pay compensation to affiliates in Mexico for referrals that open accounts with the Firm. This compensation will be based upon the advisory fees received by the Firm and will not increase the fees paid by a client.

## **ITEM 15: CUSTODY**

Finamex Asset Management, LLC will not have custody of client assets, with the exception of the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian at least quarterly.

## **ITEM 16: INVESTMENT DISCRETION**

For those client accounts where Finamex Asset Management, LLC provides ongoing supervision, and as designated in the client's specific investment advisory agreement, clients may provide Finamex Asset Management, LLC written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides Finamex Asset Management, LLC discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

## **ITEM 17: VOTING CLIENT SECURITIES**

Finamex Asset Management, LLC does not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the client accounts.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. Balance Sheet**

Finamex Asset Management, LLC does not require a client to pay advisory fees in an amount greater than \$1,200 or six months in advance. As such, the Firm is not required to provide clients with the Firm's balance sheet.

### **B. Financial Conditions**

Neither Finamex Asset Management, LLC nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.