

Munakata Associates LLC

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This Brochure provides information about the qualifications and business practices of Munakata Associates LLC. If you have any questions about the contents of this Brochure, please contact us at 914-310-9863. 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 Munakata Associates LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Munakata Associates as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This Item only discusses specific material changes that are made to the Brochure and provides clients with a summary of such changes. The first Brochure was filed with the SEC by Munakata Associates LLC on March 16, 2017 as a “New-Formed Adviser” relying on Rule 203A-2(c). On July 22, 2017, the firm withdrew its eligibility for registration as it did not reach the asset threshold to register. Munakata Associates LLC is applying today for “Adviser” status relying on Rule 203A-2(c) due to the sustained and anticipated growth in its assets under management and expects to be eligible for SEC investment adviser registration as a “Mid-Sized Advisory Firm” within 120 days.

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#### **Item 4 – Advisory Business**

- A. Munakata Associates LLC (“Munakata Associates” or “Munakata”) is submitting its application to become an SEC-registered investment advisor under the “Newly-Formed Advisor” status relying on Rule 203A-2(c). Mr. Ichiro Munakata is the President and sole owner of Munakata Associates.
- B. Munakata Associates provides general investment advisory services for clients. Individual accounts are managed directly by a Munakata Associates investment advisor.
- C. Accounts managed by a Munakata Associates investment advisor are tailored to meet the needs of the client by determining those needs through ongoing discussions regarding risk tolerance, investment goals, personal economic facts, personal demographic facts, and other personal preferences of the client. Clients are also free to impose restrictions upon investing in certain securities or types of securities.
- D. Munakata Associates does not offer wrap fee programs.
- E. As of December 31, 2017, Munakata Associates has assets of \$24,851,543 under management and expects to grow its assets under management to total between 25 but less than 100 million U.S. dollars within 120 days of approval by the SEC to commence operations. Munakata Associates expects to subsequently file for SEC registration as a “Mid-Sized Advisory Firm” within the respective timeframe.

#### **Item 5 – Fees and Compensation**

- A. Investment management fees are calculated as a percentage of net asset values of portfolios under management. All fees are negotiated on a case by case basis. Rates are determined based upon the dollar amount in the account. Munakata Associates’ fee schedule:

- 1% up to \$5 million
- 0.5% up to \$10 million
- 0.25% up to 20 million
- 0.125% over \$20 million

The specific manner in which fees are charged by Munakata Associates is established in a client’s written advisory agreement with Munakata Associates.

- B. Munakata Associates bills its management fees to clients on a quarterly basis in arrears. Fees are invoiced and sent to the client who then remit either a check or wire to Munakata Associates. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

- C. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.
- D. Clients pay quarterly management fees in arrears. Upon termination of any account, any earned, unpaid fees will be due and payable.
- E. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a respective fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Munakata Associates' management fee. Clients may purchase investment products that are recommended by Munakata Associates through other brokers. Clients are free to use any broker of their choice.

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

Munakata Associates does not enter into performance fee arrangements with clients.

#### **Item 7 – Types of Clients**

Munakata Associates provides portfolio management services to high net worth individuals, charitable foundations and trusts.

No minimum dollar value of assets is required for opening or maintaining an account.

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

- A. Munakata Associates uses many different investment strategies, and methods of investment analysis in formulating investment advice. Securities analysis techniques used include charting, both fundamental and technical analysis, and cyclical analysis. The formulation of investment strategies is based upon the needs, goals, and risk tolerance of the client. Once a strategy has been agreed upon with the client, one or more forms of analysis are used in an effort to determine which securities are most appropriate to execute the strategy. Investing in securities involves risk of loss that client should be prepared to bear.
- B. The method of analysis or type of strategy does not eliminate market risk or the loss of principal. Market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities. The frequency of trading can effect investment performance through increased brokerage and other transaction costs and taxes.

- C. Munakata Associates does not recommend any particular type of securities. Investing in publically traded securities involves market risk.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the investment advisor. Munakata Associates has no disciplinary history to disclose.

An individual biography for Mr. Munakata may be found in the Munakata Associates' ADV Part 2B.

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

- A. Munakata Associates is not affiliated with a FINRA-registered broker-dealer has no plans to register; its sole advisor representative is not registered with a broker-dealer.
- B. Munakata Associates is not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor or associated with any of the foregoing entities.
- C. Munakata Associates' primary business is that of operating an SEC-registered investment advisor; it has no other business relationships.
- D. Munakata Associates advisors do not recommend other investment advisors to clients.

### **Item 11 – Code of Ethics**

- A. Munakata Associates has adopted a Code of Ethics for all advisory persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients pursuant to SEC Rule 204A-1. Munakata Associates' clients or prospective clients may request and receive a free copy of the firm's Code of Ethics by contacting Mr. Munakata at 914-310-9863 or [ichiromunakata@gmail.com](mailto:ichiromunakata@gmail.com).
- B. Munakata Associates does not recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Munakata Associates has a material financial interest.
- C. Munakata Associates do not invest or trade for their own accounts in securities which are recommended to and/or purchased for Munakata Associates' clients.
- D. Munakata Associates does not invest in the same securities as its clients. Munakata Associates' does not affect any principal transactions for advisory clients. Munakata Associates does not conduct agency cross securities transactions for advisory account clients.

## **Item 12 – Brokerage Practices**

- A. Advisory clients are free to select any broker of their choice. Munakata Associates does not determine the amount of commissions charged on securities transactions in client accounts.
1. Research and Other Soft Dollar Benefits. Munakata Associates may receive complimentary research from clients' brokerage firms and/or custodians. Munakata Associates does not direct client transactions to a particular broker-dealer other than the one chosen by the client. Clients select the broker-dealer of their choice which is where their assets are held in custody. Munakata Associates does not engage in soft dollar transactions.
  2. Brokerage for Client Referrals. Munakata Associates does not receive client referral fees from broker-dealers or third party managers.
  3. Directed Brokerage. Clients select the broker-dealer of their choice which is where their assets are held in custody.
- B. Munakata Associates does not aggregate the purchase or sale of securities for various client accounts. By not aggregating client orders in this manner the client may receive less favorable executions and incur additional costs.

## **Item 13 – Review of Accounts**

- A. Munakata Associates advisors review their client portfolio accounts on a regular basis, no less than weekly. The nature of the review is ongoing to insure that the securities in the portfolios match the client's needs and are appropriate in the current economic and market environment.
- B. A change in the client's investment objectives, risk tolerance or general financial situation would trigger an other than periodic review of a client account. Reviews can be triggered more frequently due to market conditions, news affecting meaningful account holdings, and other outside factors.
- C. For accounts held at HSBC, UBS or Merrill Lynch account statements are sent to clients on a monthly basis.

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

Munakata Associates does not directly or indirectly compensate any person or entity for client referrals.

## **Item 15 – Custody**

Clients receive at minimum quarterly statements from their broker-dealer, bank or other qualified custodian that holds and maintains client's assets. Munakata Associates may from time to time prepare individual holdings or summary reports. Munakata Associates urges clients to carefully review those statements and compare them to the official custodial records as there is a chance that Munakata Associates statements may vary from custodial statements based on accounting procedures,

reporting dates, or valuation methodologies of certain securities. Munakata Associates does not have the ability to deduct fees. Management fees are invoiced to the client on a quarterly basis in arrears.

#### **Item 16 – Investment Discretion**

Munakata Associates agrees to receive discretionary authority from the client at the outset of an advisory relationship by the client signing an advisory agreement or power of attorney to provide that authority. Discretionary authority gives Munakata Associates the ability to select the identity and amount of securities to be bought or sold for the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Munakata Associates does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Munakata Associates may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

- A. Munakata Associates does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.
- B. Munakata Associates has discretionary authority but it does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.
- C. Munakata Associates has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.