



FundX Investment Group, LLC

Item 1 COVER PAGE

FORM ADV PART 2A* Brochure

March 31, 2020

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*This brochure provides information about the qualifications and business practices of FundX Investment Group, LLC. If you have any questions about the contents of this brochure, please contact Sean McKeon, Chief Compliance Officer at telephone (800) 323-1510. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority.

Additional information about FundX Investment Group is available on the SEC's website at www.advisorinfo.sec.gov.

Item 2 MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A

Since the last other than annual updating amendment to the Brochure of FundX Investment Group LLC (“FundX” or the “Firm”), the following is a summary of material changes:

The Firm has added Financial Planning Services to the Advisory Services described in Item 4.

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Item 4 **ADVISORY BUSINESS**

ADVISORY SERVICES

Investment Advisor to Individual Clients

FundX Investment Group, LLC (“FundX” or sometimes “the Firm” or “Advisor”), founded in 1969, is an independent, privately owned investment advisory firm providing investment advice to our clients. Our principal owner is Janet M. Brown.

We provide investment management services on a discretionary basis, including financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments. Our portfolio managers conduct consultations with each new client and based upon the information provided by the client, determine the client’s investment objectives, financial circumstances, investment experience, investment time horizon and risk tolerance level. We evaluate each new client’s existing investments and, where necessary, develop a plan to transition such existing investments into or out of the client’s portfolio as required by FundX’s investment strategy.

Investment Advisor to Mutual Funds

FundX serves as investment advisor to the open-end mutual fund series FundX Upgrader Funds (collectively the “Upgrader Funds”), which utilize our “Upgrading” strategy. For these advisory services to the funds, FundX receives investment management fees and administrative fees from the funds and/or reimbursement of operating expenses by the funds. It is possible that some of FundX’s individual clients’ assets are placed in investments in one or more of the Upgrader Funds if, in the determination of the portfolio manager, such an investment is suitable for the client. In these cases, as explained below under Fees and Compensation, the Firm’s management fee from individual clients invested in the Funds is adjusted.

The investment objectives and risk levels of any of the Upgrader Funds may be different from the investment objectives and risk tolerance of our individual investment advisory clients and therefore individual clients’ holdings may not match or approximate those of any Upgrader fund. Because of possible trading restrictions, fund availability and other factors, security holdings and transactions made on behalf of our investment advisory clients may be inconsistent with holdings of the Upgrader Funds.

FundX Direct Portfolios Program

The Firm offers portfolio management services known as *FundX Direct Portfolios* (the “Program”), a digital investment management solution designed by FundX to provide its eligible advisory clients a strategy that combines FundX’s asset management expertise with a technology platform developed by Charles Schwab & Co., Inc. (“CS&Co”). This platform, known as Institutional Intelligent Portfolios™ (the “Platform”), is an automated, online investment management platform developed by an affiliate of CS&Co, Schwab Performance Technologies, Inc. (“SPT”). The Platform enables the Firm

to make the Program available to clients online and includes a system that automates certain key parts of the investment process (the “System”). The Program is available to FundX clients who open or maintain a brokerage account at CS&Co. The minimum investment required to open an account in the Program is \$5000. FundX is independent of and not owned by, affiliated with, or sponsored or supervised by CS&Co, SPT or their affiliates.

Through the Program, FundX offers clients a range of investment strategies, each consisting of a diversified portfolio of one or more of the FundX Upgrader Funds, as well as a cash allocation of at least 4%. The Program is described in the SPT disclosure Brochure (the “Program Disclosure Brochure”), which is delivered to clients by SPT during the online enrollment process. The Firm is the client’s investment manager for assets managed in the Program, and is the client’s primary point of contact for the Program.

A client enrolls in the Program online through a Client Portal by completing and submitting an Investor Investment Profile Questionnaire (IPQ) which assesses the client’s investment goals and risk tolerance. The Client receives from FundX a recommended portfolio, and FundX makes the final decision to select a portfolio appropriate to client’s risk tolerance and risk capacity. The Client Portal is a secure website that allows clients to submit an IPQ, receive portfolio recommendations, receive and sign documents, and open, fund, and view their account(s) at CS&Co on an ongoing basis.

Client and FundX cannot make individual trades in client accounts in the Program. At the direction of FundX, STP will use software to automatically trade and rebalance clients Program Account when it drifts from the targeted asset allocation by a defined amount. The Platform provides FundX with the ability to suspend trading in client’s Program accounts if FundX believes it necessary due to market conditions or other reasons and to reactivate trading when the Firm decides it is appropriate to do so.

FundX does not charge clients a separate management fee for a client Program account, which invests exclusively in FundX Upgrader Funds, for which the Firm acts as investment advisor. FundX charges a management fee to each of the Upgrader Funds.

Financial Planning Services

For those clients that meet our account minimum, FundX provides comprehensive financial planning or other financial consultation services on either an hourly fee or fixed fee basis. FundX’s financial planning or consultation services may include a financial review and analysis of some or all of the following areas:

- Determining financial goals and objectives
- Asset allocation review
- Retirement Plan Analysis
- Employee stock option analysis
- Portfolio review

- Education funding analysis
- Cost audit of current investments
- Cash flow management review
- Insurance needs review
- Mortgage and refinance evaluation
- Estate plan development or review
- Charitable giving planning

Clients engaging the Firm to provide financial planning or consultation services under a fixed or hourly fee basis are required to enter into a separate written agreement with the Firm describing the terms and conditions of the engagement and the services to be provided.

Monthly Newsletter *NoLoad FundX*

FundX also is the publisher of *NoLoad FundX*, a monthly newsletter that provides commentary and rankings of no-load mutual funds and exchange traded funds (ETFs). Investment advisory clients of FundX may be invested in mutual funds recommended in the newsletter. However, in structuring individual client portfolios, FundX may choose to use mutual funds or ETFs that may be perceived as inconsistent with the ranking or commentary concerning a particular fund in the newsletter.

ASSETS UNDER MANAGEMENT AS OF DECEMBER 31, 2019

Discretionary Assets - \$857,512,551

Non-discretionary Assets - \$0

Item 5 FEES AND COMPENSATION

ADVISORY FEES

FundX charges an annual investment management fee based upon assets under management ("AUM") in a client's account. AUM includes all client assets over which FundX has investment discretion as described in Item 16, below. The management fee schedule:

1.00% on assets up to \$2,000,000

0.80% on assets from \$2,000,001 to \$5,000,000

0.70% on assets from \$5,000,001 to \$10,000,000

0.60% on assets from \$10,000,001 to \$20,000,000

0.50% on assets above \$20,000,000

Assets in the Account are included in the fee assessment unless specifically identified in writing for exclusion. The management fee is billed quarterly, in advance, and prorated for accounts established or terminated at times other than the start of the quarter.

The management fee is computed on the first day of each quarter of management by determining the market value of the assets in the client's portfolio using the following guidelines: (a) for marketable securities: the current market price provided by custodian; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as FundX in good faith deems relevant to determine the value, or in the absence of such information, at cost; and (c) cash or equivalents, at dollar value.

Clients typically authorize FundX to deduct quarterly investment advisory fee directly from their custodial account. This authorization must be granted under the client's signed custodial account application. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

Clients may make additions to and withdrawals from the client's custodial account at any time. If assets are withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the billing period. Clients may withdraw account assets on notice to FundX, subject to the usual and customary securities settlement procedures.

FUNDX UPGRADER FUNDS FEES

For investment management fee purposes, client holdings of shares of any of the Upgrader Funds are treated differently than shares of other securities. No management fee is charged to clients on that portion, if any, of their assets that are held in FundX-managed accounts invested in any of the Upgrader Funds. However, because FundX's management fee is charged in advance each quarter, managed assets that are migrated into the Upgrader Funds may have already paid a FundX management fee, which will not be refunded to the client.

FundX Direct Portfolios Program FEES

FundX does not charge a separate management fee for the *FundX Direct Portfolios* Program. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues in connection with the Program, as described in Schwab's Program Disclosure Brochure. FundX does not pay SPT fees for its services in the Program so long as the Firm maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. The Firm currently meets this condition.

GENERAL FEE DISCLOSURE

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by FundX.

FundX's fees are exclusive of and in addition to applicable brokerage commissions, custodial charges and asset-specific fees such as those charged by mutual funds or ETFs for management and administration.

FundX does not provide clients advice as to the tax deductibility of its advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

CUSTODIAN AND BROKERAGE FEES

Clients incur certain charges imposed by their custodians and other third parties such as 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

MUTUAL FUND FEES

Mutual funds, including exchange traded funds (ETFs), incur management fees and operating expenses, which vary from fund to fund. In addition to the advisory fee charged by FundX, clients indirectly pay for the expenses and advisory fees charged by the funds and ETFs in which their assets are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by FundX. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

BOND FEES

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

FundX does not charge performance-based fees.

Item 7 TYPES OF CLIENTS

Our clients include individuals, high net worth individuals and their trusts and estates, charitable foundations, pension and profit sharing plans, corporations and mutual funds.

The Firm generally requires new private advisory clients to initiate a relationship with a minimum account size of \$2,000,000, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances.

***FundX Direct Portfolios* PROGRAM**

Eligible client account types to enroll in the *FundX Direct Portfolios* Program include individual, Custodial, Joint Tenant With Right of Survivorship, Tenants-in-Common, Community Property, Custodial, revocable living trust, Roth IRA, traditional IRA, Rollover IRA, SEP IRA, SIMPLE IRA. Minimum account size is \$5000.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS

METHODS OF ANALYSIS

FundX's research team employs charting, fundamental, technical and cyclical methodologies in its securities analyses. Our researchers rely both on qualitative and quantitative research techniques to choose the most promising investments for our clients. The Firm relies on leading industry research to inform our investment strategy and utilizes a variety of financial and economic sources to study various asset classes including third party academic research materials, financial newspapers and magazines, corporate rating services, and corporate annual reports, press releases, prospectuses and regulatory filings.

INVESTMENT STRATEGY

In consultation with each client, FundX structures a portfolio consistent with the client's stated financial goals, time frame and risk objectives. FundX generally invests client assets in no-load mutual funds and/or exchange traded funds ("ETFs") in accordance with our observation that this approach offers clients both diversification and modest expenses. The Firm employs its proprietary "Upgrading" strategy to keep clients invested in the top performing no-load funds. The Firm also utilizes advisor "load waived" funds and "I" share classes of mutual funds, which are typically not accessible to retail investors but are available to FundX as an institutional investor, on behalf of its clients.

Our Upgrading strategy limits investments to the top performing no-load funds and ETFs based on our long-established ranking system. The highest-ranking funds in any current market environment by definition have demonstrated success under current market conditions. FundX's upgrading strategy follows a logical system of investing with top fund managers *while they are performing well*, and then moving to subsequent top performers when the original managers are no longer performing at the top. This active rotation provides an effective way to participate successfully in a broad range of opportunities as they occur.

INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Here are some of the general risks associated with our investment strategy:

General Market Risk: This is the risk that the value of an investment will fluctuate based on the performance of the securities held. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

Management Risk: the risk related to an investment advisor's ability to meet its investment objectives based upon the advisor's success or failure to implement investment strategies as planned.

Foreign Securities and Emerging Market Risk: the risk relating to political, social, and economic developments abroad and differences between U.S. and foreign regulatory requirements and market practices.

Non-Diversification Risk: the risk that portfolios invested only in a limited number of issuers or sectors may be considered non-diversified and subject to greater risk exposure from market factors affecting such issuers or sectors.

Derivative Risk: Derivative investments (such as futures or options) derive their value from the value of an underlying asset, currency or index. The value of derivatives may rise or fall more rapidly than other investments and it is possible to lose more than the initial amount invested.

Leverage Risk: borrowing money for leveraging will incur interest expense. FundX's strategy does not utilize "leverage," meaning that it does not recommend strategies that would necessitate a client to borrow cash against the value of their securities portfolio in order to fund additional FundX recommended purchases.

Small Company Risk: Securities of small companies involve greater volatility than investing in larger and more established companies.

Concentration and Sector Risk: Portfolios may hold a limited number of issuers; they may become more concentrated in one or more sectors at any given time, subjecting the holder to sector concentration risk.

Interest Rate and Credit Risk: The risk that interest rates may rise resulting in a decrease in the value of the securities held, or may fall resulting in an increase in the value of such securities.

High Yield Risk: The value of fixed-income securities held that are rated below investment grade are subject to additional risk factors such as increased possibility of default, illiquidity of the security and changes in value based upon public perception of the issuer.

ETF Trading Risk: The market price of an ETF's shares may trade at a discount to its net asset value (NAV), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange on which the ETF's trade, all of which may impact the ability to sell the shares of the ETF.

Portfolio Turnover Risk: Portfolios may be subject to the risks of having a high portfolio turnover rate. High portfolio turnover may involve correspondingly greater expenses, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities.

Short-term purchases: On occasion we may determine to buy or sell securities in a client's account and hold them for less than a year. A potential risk associated with short-term trading that could affect investment performance is an increased tax obligation on the gains realized on a security's value.

Upgrading Strategy Risk: the Upgrading strategy seeks to invest in the top performing securities at any given time. While this approach has an extensive track record and has outperformed broad market indexes over the long term, it may not always do so. There may be periods during which the Upgrading strategy underperforms its benchmarks.

Margin Trading - FundX does not advocate leverage as a part of its investment strategy. In rare cases, and generally only for short term financing considerations, clients may elect to assume a margin balance in their investment account. The broker requires a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by Schwab. Consequently, all margin decisions are left to the client.

Option Trading - Certain FundX clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

Alternative Asset Classes - Many alternative investments are illiquid, which means that the investments can be difficult to trade. Consequently, such holdings may limit a

client's ability to dispose of such investments in a timely manner and at an advantageous price.

FundX Direct Portfolios Program

The Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in mutual funds, as well as risks related to the underlying securities in which mutual funds invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risk, investment strategy risks, trading/liquidity risks, and large investment risks.

The System uses an online algorithmic based program to manage client accounts. The System generates recommended portfolios and accounts are invested and rebalanced by the algorithm. The algorithm might rebalance client accounts without regard to market conditions or on a more frequent basis than the client might expect.

The Firm's management of client accounts in the Program is far less active than that of our regular Upgrading strategy described above, and is comprised of investing in the Upgrader Funds.

In response to the client's answers to the online questionnaire, the System will generate an appropriate investment strategy and portfolio. This information is the sole basis for the Firm's advice and choice of strategy and portfolio for the client. The Firm will not consider other client information in its possession in connection with its choice of strategy and portfolio.

Item 9 DISCIPLINARY INFORMATION

FundX has no legal or disciplinary events to disclose.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

FundX is an independent, fee only investment advisor, unaffiliated with any securities dealers or issuers and unaffiliated with any banking institutions. Although our clients custody their investment accounts either at Charles Schwab & Co., Inc. ("Schwab") or Fidelity Investments ("Fidelity"), the Firm has no legal affiliation with Schwab or Fidelity.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

**Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING**

FundX, its members, officers and employees and their immediate families (sometimes collectively “employees”) are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. FundX’s members, officers and employees are required to report all personal securities transactions on a regular basis. A copy of FundX’s employee trading policies and code of ethics is made available to clients and prospective clients upon request.

Employees may trade in the same securities traded for clients. However, it is the express policy of the Firm that no employee shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients. Employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients.

If a security is purchased or sold for client accounts and employees on the same day, either employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that employees’ personal transactions might be executed at more favorable prices than were obtained for clients.

Employees may buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities that are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks, penny stocks), are purchased by employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, and industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

Item 12 BROKERAGE PRACTICES

RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER

While clients may prefer to utilize Fidelity or TD Ameritrade for their custodial services, FundX recommends that clients establish brokerage accounts with Schwab to maintain custody of their investment assets and to effect trades for their accounts. Schwab is an SEC registered broker-dealers regulated by the Financial Industry Regulatory Authority (“FINRA”) and a member of the Securities Investors Protection Corporation (“SIPC”). Schwab is independently owned and operated and not affiliated with FundX and does not supervise or otherwise monitor FundX’s investment management services to its clients.

Our evaluation of Schwab considered a number of factors, some of which are transaction fees, custodial fees charged for holding securities, commission rates, the availability of fees or credits on certain types of investments, interest charges on debit balances and interest credits on credit balances, quality of execution and record keeping and reporting capabilities. The services provided by Schwab include monthly account statements to clients.

Schwab provides FundX with access to institutional trading and custody services, which typically are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a minimum percentage of the advisor's client assets is maintained in accounts at Schwab, but are not otherwise contingent upon FundX committing to any specific amount of business (in the form of either assets in custody or trading). Schwab’s services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab makes available to FundX other products and services that benefit FundX but may not benefit its clients. Some of these other products and services assist FundX 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 FundX’s fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of FundX’s accounts, including accounts not maintained at Schwab. Schwab also makes available to FundX other services intended to help FundX manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to FundX by independent third parties. It may discount or waive fees they otherwise would charge for some of these services or pay all or a part of the fees of a third-party

providing these services to FundX. Schwab may provide other benefits such as educational events or business entertainment to FundX personnel.

Thus, FundX's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to FundX 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 Schwab to FundX's clients, which may create a potential conflict of interest.

FundX Direct Portfolios Program

In addition to FundX's portfolio management and other services, the Program includes the brokerage services of Schwab. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into an account agreement directly with Schwab. The Firm does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then FundX cannot manage the client's account through the Program. As described in the Program Disclosure Brochure, SPT may aggregate purchase and sale orders for the Upgrader Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

With respect to the Program, as described above under Item 4 Advisory Business, FundX does not pay SPT fees for its services in connection with the Program so long as FundX maintains \$100 Million in client assets in accounts at Schwab that are not enrolled in the Program. In light of our arrangements with Schwab, FundX may have an incentive to recommend that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.

DIRECTED BROKERAGE

In a limited number of cases, clients may direct FundX to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, FundX is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed FundX to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by FundX as a result of FundX's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, FundX may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs FundX to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

BEST EXECUTION

FundX is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather, federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, FundX's primary objective is to obtain the best execution. Expected price, brokerage commissions and other transaction costs are principal factors, but broker selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, FundX may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. FundX may select broker-dealers whose fees may be greater than those charged for similar investments if FundX determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

FundX reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom FundX executes transactions on behalf of clients.

SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS

FundX does not have any soft dollar arrangements with brokers. Recommended brokers, on occasion, provides FundX personnel the benefit of attending educational conferences, which can include paid travel and accommodation expenses.

TRADE ERROR ACCOUNT POLICIES

It is the policy of FundX that its personnel carefully implement investment management decisions. If a trade error occurs, it is Firm policy that the error be corrected as soon as possible and in a manner that the client is not disadvantaged and bears no financial loss. If correcting the trade results in a financial loss, and if the error was caused by FundX, FundX will be responsible for that loss, and the firm will book the charges against its own operating expenses. Correcting a trade error may require multiple transactions. "Netting" of gains and losses resulting from correcting multiple transactions is a common practice. According to its own internal policies, the executing broker may or may not retain any gain when the trade is reversed. Alternatively, any resulting gain may be carried forward by the executing broker and used to offset possible losses incurred in the future. This may be done either through the establishment of an error account at the broker, or through the broker's internal accounting system. In addition, any investment gains realized through corrections may be appropriated by FundX and donated to a charity or charities of its choice.

AGGREGATION OF CLIENT TRADES

In the case of exchange traded funds (ETFs), trades to buy or sell shares may be executed in multiple lots over the course of a trading day. In order that all accounts receive the same average price per share, trades are aggregated and shares or proceeds are allocated across client accounts.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is the Firm's policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

While FundX believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants.

Because each client portfolio is managed separately, FundX may continue to hold a security in one client account while selling it for another client account. This occurs when client investment guidelines or risk tolerance mandate a sale for a particular client. In some cases, consistent with client objectives and risk, the Firm may purchase a security for one client while selling it for another. Also, client trades may be executed at different times and at different prices consistent with specific client objectives, risk tolerance and cash flows.

ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS

Very rarely, the Firm may be presented with an investment opportunity for its clients of a security that is of limited availability. Because the Firm manages more than one client account, there may be a conflict of interest related to the allocation of such investment opportunities among all accounts managed by the Firm. The Firm attempts to resolve all such conflicts in a manner that is generally fair to all of clients over time. The Firm may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is the Firm's policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

Item 13 REVIEW OF ACCOUNTS

Client accounts are assigned for management among the Firm's portfolio managers and investment advisors. Portfolio managers meet at least monthly to review markets, interest rates, the economy and mutual fund rankings to decide which investments should be bought, sold or held. In managing client portfolios, portfolio managers handle all client contacts, portfolio reviews and trade reviews. Portfolios are reviewed monthly and as needed in response to changes in market conditions. The number of accounts assigned to a particular portfolio manager varies, based upon the nature of the client account and administrative obligations.

We send a separate report to each client at least quarterly, showing the current asset allocation of the account and a summary of assets held in the account. These reports are generated, collated and reviewed by members of the Firm's client services team. Clients are advised to regularly compare the assets and holdings listed on their FundX account report with those listed on their custodian's monthly account statements.

Portfolio managers and investment advisors are available by email, telephone and for in-person meetings at a mutually agreed time and location.

FundX Direct Portfolios Program

The Firm reviews client portfolios at inception and then monitors those portfolios as part of an ongoing process. Portfolios are periodically rebalanced by the System to maintain the asset allocation targets. If the Firm is notified of a

material change to the client's investment objective or risk profile on the Program Website, reviews are conducted by the Firm to determine necessary action, if any, based on the new information. All clients in the Program must keep the Firm informed of any material changes on an ongoing basis, at least annually.

The Program's Client Portal provides clients with access to their account information on a continuing basis. As described in Item 15 - Custody, below, Clients will receive account statements from Schwab.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

FundX is a party to, and may enter into additional third party marketing arrangements whereby it pays referral fees to persons or entities that refer clients to the Firm. The marketing arrangements are consistent with Rule 206(4)-3 of the Investment Advisers Act as amended. Under no circumstances are solicited clients disadvantaged by the payment of such fees. Clients of the Firm whose accounts involve third party marketing arrangements are advised of the arrangement at the time they enter their advisory relationship with FundX and do not pay higher fees as a result of the arrangement.

Neither the Firm nor its employees are paid referral fees by any third party for referring clients to their businesses. FundX employees are not paid "sales awards" or other prizes for referring clients to the Firm.

For accounts of FundX's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from FundX's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, FundX may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. FundX nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for FundX's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15 CUSTODY

FundX does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. We request that clients make all deposits

directly to their custodian accounts so that FundX will avoid taking even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party unless authorized in writing by the client.

FundX relies on Standing Letters of Authorization (SLOAs) to make certain disbursements on behalf of clients. FundX avoids the requirement to obtain an annual surprise asset verification by requiring each such client to provide written instructions to the custodian regarding specific transactions that the client authorizes the custodian to disburse upon request of FundX and provides FundX with written instructions that explicitly describe the specific transactions that the client authorizes FundX to disburse. Further, the custodian must verify these instructions when executing each transaction and confirm these instructions at least annually with FundX. FundX has no ability change any routing information regarding such disbursements and the client can terminate such relationship at any time.

Disclosures Related to Custodians

Fidelity and the Schwab Advisor Services Division of Schwab act as custodians and executing broker-dealers for FundX clients. Client accounts in the *FundX Direct Portfolios* Program are custodied at CS&Co. Schwab and Fidelity are independently owned and operated and not affiliated with FundX and do not supervise or otherwise monitor FundX's investment management services to its clients.

For FundX's client accounts maintained in their custody, Schwab and Fidelity generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through them or that settle into client accounts that are held with them. In most cases, trade executions for client accounts custodied at Schwab will be made by Schwab and those held at Fidelity will be made by Fidelity, to avoid "trade away" charges otherwise imposed by them for trades executed at other broker-dealers. In cases where a desired security is not available for purchase or sale through the custodial broker, and in light of FundX's best execution evaluation, certain executions may be made at a different broker-dealer.

Schwab and Fidelity may charge slightly different fees for their services as custodian and broker-dealer. Clients are advised to discuss and review applicable charges with FundX. Schwab and Fidelity send account statements directly to the client (or to an independent third party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to FundX of its management fees.

Item 16 INVESTMENT DISCRETION

Clients appoint FundX as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts at Schwab or Fidelity. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys or sells;
- The amount of securities to buy or sell; and
- The broker-dealer to be used in the transaction.

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

Except in the case of directed brokerage instructions, client securities transactions generally are executed through the custodian of their account to avoid "trade away" fees for trades that are executed at other broker-dealers. In some cases, a particular security may be not be available through the client's custodian or available only under execution parameters or at an overall cost that makes the use of an alternative executing broker more advantageous for that transaction. In such cases, the portfolio managers have the discretion to select the broker to execute the trade.

Item 17 VOTING CLIENT SECURITIES

If the client appoints FundX to receive and act upon proxy voting decisions, FundX will exercise that authority, in a manner consistent with the best interest of the client. FundX has adopted policies and procedures describing the manner in which it will vote such proxies. For client accounts in the *FundX Direct Portfolios* Program, FundX has no responsibility for issuer communications, including proxies, related to the securities in the client's Program account.

Item 18 FINANCIAL INFORMATION

Not applicable.