

**Form ADV Part 2A: Firm Brochure**

**March 12, 2020**

**Invex Advisors LLC**

2 Alhambra Plaza, Suite PH II  
Coral Gables, FL 33134

Telephone: (786) 425-1717  
Fax: (786) 425-1718

Invex Advisors LLC is an investment advisor that is registered with the Florida Office of Financial Regulation and the Securities and Exchange Commission. Registration with the Florida Office of Financial Regulation and the Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Invex Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (786) 425-1717. The information in this brochure has not been approved or verified by the Florida Office of Financial Regulation or the United States Securities and Exchange Commission.

Additional information about Invex Advisors, LLC. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Invex Advisors, LLC is 164519.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 21, 2019, we have made the following change to our ADV Part 2A:

Invex Advisors LLC shall also receive from the Fund, out of the assets of the Invex Short Duration Strategy SP, a management fee equivalent to 0.65% per annum of the Net Asset Value of each Class attributable to the Invex Short Duration Strategy SP.

### Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 5
Item 6 Performance-Based Fees and Side-By-Side Management	Page 8
Item 7 Types of Clients	Page 8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 9
Item 9 Disciplinary Information	Page 13
Item 10 Other Financial Industry Activities and Affiliations	Page 13
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 14
Item 12 Brokerage Practices	Page 15
Item 13 Review of Accounts	Page 18
Item 14 Client Referrals and Other Compensation	Page 18
Item 15 Custody	Page 19
Item 16 Investment Discretion	Page 19
Item 17 Voting Client Securities	Page 19
Item 18 Financial Information	Page 20
Item 19 Requirements for State-Registered Advisers	Page 20

## **Item 4 Advisory Business**

Invex Advisors LLC is an investment adviser formed in 2012 based in Coral Gables, FL. We are organized as a limited liability company under the laws of the State of Delaware and are owned by Invex Holdings, Inc. Invex Holdings, Inc. is owned by Invex Controladora S.A.B. de C.V.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Invex Advisors LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Our firm provides investment advisory services to (i) Direct Market Access Fund SPC, an open-end fund incorporated in Cayman Islands and (ii) individual high net worth individuals, to which we provide investment advisory services pursuant to managed account relationships.

### **Portfolio Management Services**

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Adviser to Mutual Funds**

Our firm serves as the investment manager to a mutual fund registered with the Cayman Island Monetary Authority, Direct Market Access Fund SPC (the "Fund"). The Fund is an exempted company limited by shares and registered as a segregated portfolio company which is registered as a mutual fund. The Fund has been structured as an investment fund to allow its Shareholders in each Segregated Portfolio to collectively invest in accordance with the investment objectives and strategies set out in the Fund's Private Placement Memorandum.

We may recommend that you invest in these Mutual Funds. The compensation arrangements we have with these Mutual Funds present a conflict of interest because we may have a financial incentive to recommend that you invest in these Mutual Funds. While we believe that the compensation arrangements that we have with these Mutual Funds is competitive, such compensation may be higher than the compensation charged by other firms providing the same or similar services. You are under no obligation to purchase shares in any of these Mutual Funds.

The fees we charge are separate and in addition to any fees and expenses charged by the Fund. For any client with investment in the Fund, we will not charge a management fee for the amount invested in the Fund. You should refer to the prospectus for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund.

In providing our services, we seek to achieve capital appreciation generally through long and short investments in publicly traded and privately traded debt securities but may also make other types of investments on behalf of our clients as we deem appropriate.

Our firm tailors our advisory services to the individual needs and specified investment mandates of our clients. With respect to the Fund, we adhere to the investment strategy set forth in the offering memorandum. With respect to our managed account assets, we adhere to the investment strategy set forth in each managed account agreement.

### **Wrap Fee Program**

We do not participate in any wrap-fee programs.

### **Types of Investments**

We primarily offer advice on Mutual funds and Bonds. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Assets Under Management**

As of December 31, 2019, we provide continuous management services for \$455,000,000 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our annual fee for portfolio management services varies between 0.20% to 1.50% depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, as well as the level of administration requested either directly or assumed by the client. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Our firm may engage in profit sharing agreements on income in excess of previous defined benchmark established on each individual agreement.

With respect to our managed accounts, investors are charged a management fee based on a percentage of assets under management pursuant to the managed account agreement, calculated and payable on a quarterly basis. Our annual portfolio management fee is billed and payable, quarterly in arrears, based on the balance at end of billing period.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable with each customer prior to signing the agreement, depending on individual client circumstances.

Investors who have engaged the firm to provide investment advisory services on a managed account basis are eligible to terminate the managed account agreement on 45 days prior written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian call our main office number located on the cover page of this brochure.

### **Adviser to Mutual Funds**

Invex Advisors LLC shall receive from the Fund, out of the assets of the Invex Global Opportunities Segregated Portfolio, a monthly management fee for each Class of Shares attributable to the Invex Global Opportunities Segregated Portfolio equivalent to 1.50% per annum of the Net Asset Value of each class of Shares.

Invex Advisors LLC shall also receive from the Fund, out of the assets of the Invex Short Duration Strategy SP, a management fee equivalent to 0.65% per annum of the Net Asset Value of each Class attributable to the Invex Short Duration Strategy SP.

Underlying investors in the mutual fund can generally only withdraw money on the last day of each quarter, so they are not likely to pay a management fee in excess of what they owe.

The management fee is charged to our client, the mutual fund, and no separate management fee is charged to individual investors who have invested at the fund level.

Our firm also receives performance-based compensation based on a percentage of each underlying investor's annual net realized and unrealized profits at the end of each year or upon a withdrawal or redemption if prior to the end of the year (but only on the amount withdrawn or redeemed), subject to a high water mark limitation. The performance-based fee is 20% of the excess of the performance above the benchmark.

Our fees are generally non-negotiable, but we have the discretion to waive all or a portion of the management fee and/or the performance-based compensation. Each client bears all of its own organizational and operational expenses, including, without limitation (but only to the extent applicable):

- legal fees (including settlement costs);
- costs of any litigation or investigation involving the clients' activities;
- filing fees and expenses;
- accounting costs (including tax preparation and audit expenses);
- administration costs;
- costs associated with reporting and providing information to investors;
- withholding and/or transfer taxes;
- other out-of-pocket expenses;
- proxy expenses;
- expenses related to underwriting and private placements;
- brokerage commissions, mark-up/down;
- interest on debit balances or borrowings; and
- custodial fees.

Each investor in the fund bears its pro rata share of the fund's expenses and each investor in a managed account will bear its pro rata share of the managed account's expenses. For more information on brokerage transactions and costs, please see Section 12: Brokerage Practices. Therefore, for any client with investment in the fund, will not be charged a management fee for the amount invested in the fund.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives with Invex, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, in certain circumstances, these persons may receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1

fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

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

We charge performance-based fees to the Fund. Performance-based fees are only permitted to be charged to clients having a net worth greater than \$2,100,000 or for whom we manage at least \$1,000,000 immediately after entering an agreement for our services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. The fixed portion of the fee will not exceed 1.50% per annum of the net asset value of current portfolio equity, payable monthly. The performance fee is equal to 20% of the performance of the Net Asset Value per Share of each Class which applies a performance fee subject to high water mark multiplied by the number of Shares in issue in the relevant Class during the calculation period. No performance fee will be due if the Net Asset Value per Share of such Class before performance fee turns out to be below the high water mark for the relevant calculation period. Refer to the *Fees and Compensation* section above for additional information on this topic.

Not all our clients are charged or allocated performance-based compensation. We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Our firm charges a performance-based fee to Direct Market Access Fund SPC, however, any client with investment in this fund will not be charged a performance-based fee on such holdings in the fund.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

As noted in Item 4, we provide investment management services to a mutual fund, together with individual high net worth individuals, to which we provide investment advisory services on a managed account basis.



The minimum account balance will be \$25,000 US dollars for both High Net-worth Individuals and Institutions.

This brochure is not an offer to provide services.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

In providing our advisory services to our clients, we use a quantitative strategy and generally make long and short investments focusing on publicly traded and privately traded debt securities. We seek to systematically exploit market biases and inefficiencies to achieve absolute returns that are uncorrelated to the debt markets. The strategies we can employ on behalf of our clients are primarily model driven and incorporate a variety of data sources. These data sources may include, but are not limited to, exchange data, fiscal data, macroeconomic data, analyst predictions, and news, in both structured and unstructured forms. The strategy can employ moderate leverage to hedge positions and seeks to be market neutral, though for reasons of implementation and market access, may have a small net exposure.

Despite our thorough research and analysis and comprehensive investment strategies, investing in any security involves a risk of loss that our clients and investors must be prepared to bear. Please see below for an explanation of some of the significant risks associated with the investment strategies we can employ. A more comprehensive list of risks associated with an investment in our strategy is set forth in the offering memorandum of the Fund and the managed account agreements for each managed account.

*Investment and Trading Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful, and investment results may vary substantially over time.

*Investment Judgment; Market Risk.* The profitability of a significant portion of our clients' investment programs depend to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. With respect to our investment strategies, there is always some, and occasionally a significant, degree of market risk.

*Illiquidity.* The investments made by us on behalf of our clients may be very illiquid, and consequently we may not be able to sell these investments at prices that reflect our assessment of their value or the amount paid for these investments by our clients. Illiquidity may result from the absence of an established market for these investments as well as legal, contractual or other restrictions on their resale by our clients and other factors. Furthermore, the nature of our investments, especially those in financially distressed companies, may require a long holding period prior to profitability. Our clients' governing documents allow for in-kind distributions of securities in lieu of or in addition to cash. In the event of distributions of securities in kind, these securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

*Short Sales.* We may cause our clients to enter into transactions, known as "short sales," in which they sell a security they do not own in anticipation of a decline in the market value of the security. Short sales by our clients that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. We may mitigate these types of losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, we might have difficulty purchasing securities on behalf of our clients to meet their short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet our clients' short sale obligations at a time when fundamental investment considerations would not favor such sales.

*International Short Selling Regulation.* A number of countries and regulators outside of the U.S. have adopted reporting regimes, bans on naked short selling and, in some cases, bans on short selling (typically only for banks or other financial services companies). It may not be possible for our firm, on behalf of our clients, to sell short securities for either hedging or speculative purposes in countries outside of the U.S. in the same manner that we may under U.S. law.

*Derivatives.* We may cause our clients to invest in derivative instruments. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose our clients to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom our clients contract for the purpose of making derivative investments. In the event of a counterparty's default, our clients will only rank as unsecured creditors and risks the loss of all or a portion of the amounts they are contractually entitled to receive.

*Foreign Securities.* We may cause our clients to invest in foreign securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (1) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of our clients are maintained) and the various foreign currencies in which our clients' portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (2) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (3) political, social or economic instability; (4) imposition of foreign income, withholding or other taxes; and (5) the extension of credit, especially in the case of sovereign debt.

*Leverage.* Subject to applicable margin and other limitations, we may cause our clients to borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of our clients' portfolio would be amplified. Interest on borrowings will be a portfolio expense of our clients and will affect their operating results. Also, we may cause our clients to create leverage via the use of instruments such as options and other derivative instruments.

*Options.* We may cause our clients to invest in options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

*Trend Following.* Our firm may use models to identify apparently overpriced or underpriced securities in relationship to an assumed norm, market behavior, or statistical relationship. In addition, analyses of price and other fluctuations over time may be relied upon in order to discern and predict trends or patterns. Trading based on such analyses is subject to the risks that security prices will not increase or decrease as predicted by the analysis. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends or statistical behaviors will not be profitable if there are not identifiable patterns of the kind that the models or analyses seek to profit from. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

### **Recommendation of Particular Types of Securities**

We primarily recommend Mutual funds and Bonds. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S.

Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of the Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

*Trade Errors.* Our firm bears the full cost of any trade error that was preventable through the reasonable exercise of diligence, except as otherwise required by applicable law. However, our clients bear the cost of any trade error that could not have been avoided by exercising reasonable diligence. Any gain resulting from a trade error is retained by our clients. Any allocation error that we are unable to correct shall be treated as a trade error and subject to our policy described above.

## **Item 9 Disciplinary Information**

Neither our firm, nor any of our members, managers, officers, directors, or employees have been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither our firm, nor any of our members, managers, officers, directors, or employees have been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm, nor any of our members, managers, officers, directors, or employees have been involved in any self-regulatory organization proceedings.

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

### **Registrations with Broker-Dealer**

Gerardo Reyes Retana and Carlos Barrientos are registered as representatives of a broker-dealer in connection with their association with an affiliated person of the firm, Invex LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

### **Arrangements with Affiliated Entities**

We are affiliated with Invex, LLC through common control and ownership. The affiliate is a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Persons providing investment advice on behalf of our firm are also registered representatives with our affiliate broker dealer. In their capacity as registered representatives, in certain circumstances, these persons may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

We act as the investment adviser to a registered investment company (the "IC"). Where appropriate, we will exercise our discretionary authority and without further approval from you, we will invest a percentage of your assets in the IC. This creates a conflict of interest because we will receive compensation as your investment adviser through our firm and as the investment adviser to the IC. Except as otherwise required by law for ERISA assets, we do not offset any compensation we receive

against fees or expenses you may otherwise pay to our and/or any of our affiliates. Fees charged by the IC are separate and in addition to our advisory fees as disclosed above at *Fees and Compensation*. You should refer to the prospectus for a complete description of fees, investment objectives, risks and other relevant information associated with investing in the IC. Refer to the *Investment Discretion* section below for additional disclosures on our discretionary authority to manage your investment account.

Certain of our Associated Persons, including executive officers of our firm, may also serve in a control capacity for the IC. The compensation of these Associated Persons may be based, in part, upon the profitability of the IC. Our relationship to the IC may involve sharing or joint compensation, or separate compensation, subject to proper disclosures and the requirements of applicable law.

Neither our firm nor any of our members, managers, officers, directors, or employees is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Our firm has sponsored the formation of a mutual fund. Our Fund does not have independent management. Although this arrangement may give us heightened control and discretion over our vehicle, we manage any potential conflicts of interest by adhering to the investment strategy and investment allocation policy discussed in the offering documents of the private investment vehicle.

We do not currently recommend nor do we intend to select other investment advisers for our client.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

To help ensure that each of our employees conducts his or her affairs, including personal securities transactions, in a manner to avoid serving his or her own personal interests ahead of the interests of our client and to avoid conflicts of interest, we have adopted a code of ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which includes policies and procedures governing personal trading activities of our employees. A copy of the code of ethics is available upon request to our clients and any investor or prospective investor in our services by contacting us at the telephone number on the cover page of this brochure.

### **Agency Cross Transactions**

An agency cross transaction for an advisory client occurs when we, or one of our affiliates, acts as a broker for a transaction in which one of our advisory clients is on one side of the transaction and another person (not an advisory client) is on the other side of the transaction. We may, when we consider the transaction to be in your best interest, execute such transactions. We could receive compensation from each party to the transaction, and would therefore have a conflict of interest. Clients may revoke the authorization to effect agency cross transactions at any time by providing us with written notice. In circumstances where we execute an agency cross transaction, we undertake to confirm that the buyer and seller are not related parties and that the transactions are executed at market price. We will review all trades executed as an agency cross for compliance with our best execution policy.

### **Personal Trading Practices**

Employees may invest in the same securities that our firm buys or sells on behalf of our clients. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. However, to mitigate this conflict of interest, we have established a policy that our employees shall not execute a transaction in a security

for an account in which an employee has a beneficial interest or exercises investment discretion if an order for a client account for the same security remains unexecuted. Such prohibition shall remain in effect until after we have executed the transaction.

Employees may not purchase or sell, directly or indirectly: (i) any security in which he or she has, or by reason of such transaction will acquire, any direct or indirect beneficial ownership and which, to his or her actual knowledge at the time of such purchase or sale, is being purchased or sold by our firm on behalf of a client account; or (ii) any related security to a security being actively considered for purchase or sale by our firm, such as puts, calls, other options or rights in such security.

In order to prevent any potential conflicts of interest, we also require all employees, members and managers to comply with a pre-clearance procedure before placing an order for the purchase or sale of private placements and initial public offerings. No employee, member or manager may acquire any securities in an initial public offering or in a private offering without prior approval from our Chief Compliance Officer, which approval may be withheld in the sole discretion of our Chief Compliance Officer. Orders for the purchase or sale of any publicly-traded debt security (other than mutual funds, certain government securities and other cash equivalents as set forth in our firm's code of ethics) will be post reviewed. However, client orders must be placed and executed prior to any member or employees orders in the same security.

Employees of our firm do not recommend to our clients, nor do they buy or sell for our clients' accounts, securities in which they have a material financial interest.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. While you are free to choose any broker-dealer or other service provider as your custodian, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. If we recommend the brokerage services of our affiliated broker-dealer, Invex, LLC, you will be required to utilize the custodial services of Pershing LLC. In other instances where we are not affiliated with the broker-dealer, note that you may be required to utilize the custodial services of other custodians.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.

- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, we take into account the following factors:

- The broker-dealer's ability to effect prompt and reliable executions at favorable prices (including the applicable profit or commission, if any);
- The operational efficiency with which transactions are effected, considering the size of the order and difficulty of execution;
- The financial strength, integrity and stability of the broker-dealer;
- The firm's risk in positioning a block of securities;
- The quality, comprehensiveness and frequency of available research services considered to be of value; and
- The competitiveness of commission rates in comparison with other broker-dealers that satisfy our selection criteria.
- The preference of our clients.

**We Utilize Research and Other Soft Dollar Benefits.** At times, our firm may pay higher prices to buy securities from, or accept lower prices for the sale of securities to, brokerage firms that provide us with investment and research information. This investment and research information is often referred to as "soft dollar" benefits. The research services that broker-dealers might provide include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

Since we have multiple clients, there does exist the potential for the creation of conflicts regarding the allocation of soft dollar benefits among multiple clients. To that end, we intend to manage any conflicts of interest by attempting to allocate soft dollar benefits among multiple clients in an equitable manner that correlates the deemed benefits received to the costs associated with the related brokerage transactions.

**We Intend for our Use of Soft Dollar Benefits to Fall Within the Safe Harbor.** The Securities and Exchange Commission has created a safe harbor that protects financial advisers from liability for a possible breach of fiduciary duty to their clients for engaging in soft dollar arrangements for certain services at other than the lowest transaction costs if they make a good faith determination that the amount of the commission was reasonable in relation to the value of the research services received. We intend that our soft dollar arrangements will fall within this safe harbor.

**The Use of Soft Dollars Can Create a Conflict of Interest.** Although our policies require us to always obtain the best execution for our clients by taking into account all applicable factors, using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. When we use client markups or markdowns to obtain research products and services, our firm receives a benefit because we do not have to produce or pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for our clients, based on our interest in receiving



the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

In the event that the client account is opened with our affiliate Invex, LLC (Registered Broker-Dealer), then our affiliate Invex, LLC, will execute the trades on a principal capacity for the client account. In such instances, our affiliate Invex, LLC may charge a mark-up/mark-down per trade, never exceeding 0.125 of the face value of the trade. In such instances we will obtain from the client a Section 206(3) form for pre-settlement disclosure and consent.

We Do Not Consider Client Referrals in Selecting or Recommending Broker-Dealers.

### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Invex, LLC would normally be required to recommend Invex, LLC to you for brokerage services. These individuals are subject to applicable industry rules that restrict them from conducting securities transactions away from Invex, LLC unless Invex, LLC provides the representatives with written authorization to do so, which Invex, LLC has done in this case. Therefore, although these individuals would generally be limited to conducting securities transactions through Invex, LLC, in this instance, as noted above, they will generally recommend multiple broker-dealer/custodians. It may be the case that multiple broker-dealer/custodians charges higher transaction costs and/or custodial fees than another broker charges for the same types of services. However, if transactions were executed through Invex, LLC these individuals (in their separate capacities as registered representatives of Invex, LLC) could earn commission-based compensation as a result of placing the recommended securities transactions through Invex, LLC. This practice would present a conflict of interest because these registered representatives would have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use the recommended broker we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain

cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

Trade Aggregation and Allocation. Because we advise multiple clients, we endeavor to execute all client transactions simultaneously on a best execution basis, however, there can be no assurance that we will be successful due to factors outside of our control.

## **Item 13 Review of Accounts**

Carlos Barrientos, CCO will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

We engage in active management and frequent transactions on behalf of our clients and, accordingly, review our transactions, positions and cash balances on a daily basis. The Chief Compliance Officer and the Compliance Officer review the trade blotter on a daily basis.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are registered representatives with Invex, LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Neither our firm nor any members, managers, officers, directors, or employees of our firm, receive any economic benefit from non-clients for providing advisory services to our client.

While our compliance manual permits entering into arrangements with a third party to refer investors for a fee so long as all arrangements are executed in accordance with Rule 206(4)-3 of the Advisers Act, we currently have no such arrangements in place, nor do we intend to do so at this time.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

It is our practice not to accept or maintain physical possession of our clients' funds and/or securities. We do not directly debit advisory fees from your account and we do not exercise custody over your funds or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities. If you have a question regarding your account statement or if you did not receive a statement from your custodian, contact your custodian directly.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

### Scope of Authority

Our firm accepts discretionary authority to manage our clients' assets. This means that we have the authority to determine, without obtaining specific consent from underlying investors, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in the offering documents of our private investment vehicle and the managed account agreement for each managed account.

### Procedures for Assuming Authority

With respect to the investment discretion related to the Fund, before accepting investor subscriptions for interests in the Fund, we provide all potential investors in the Fund with an offering document which sets forth in detail the investment strategy and program. With respect to investment discretion related to a managed account relationship to be established between our firm and an investor, before execution of the related managed account agreement, the investment mandate of the respective managed account is agreed to in writing between the firm and the individual investor. By completing our subscription documents to acquire an interest in the Fund or otherwise entering into a managed account agreement, investors give us complete authority to manage the capital contributed in accordance with the offering document received or the investment mandate contained in the managed account agreement.

## **Item 17 Voting Client Securities**

We have the sole authority to vote our clients' securities, and we adhere to an internal proxy voting policy that governs our practices in exercising this voting authority. Our policy is to vote our clients' proxies in the interest of maximizing shareholder value.

Votes on all proxy matters are determined on a case-by-case basis. We generally do not vote proxies of an issuer where our client holds less than 5% of the shares outstanding in that issuer. In cases where we do vote proxies, we determine whether the matter is routine or not routine. For routine matters, we generally vote in the same manner recommended by the issuer's board unless it is

determined that our clients' best interests are not served by voting in the same manner recommended by the issuer's board. For non-routine matters we review each matter on a case-by-case basis and make a determination on how to vote based on our clients' best interest.

If a proxy vote creates a material conflict between the interests of our firm and our client, we will resolve this conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

Records of proxy materials and votes are maintained in our office. A complete copy of our proxy voting policies, procedures and prior voting history are available to investors upon request.

## **Item 18 Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 of fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our client.

We have never been the subject of a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.