



# MONEX

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Investment Services Guide

V. 3.0

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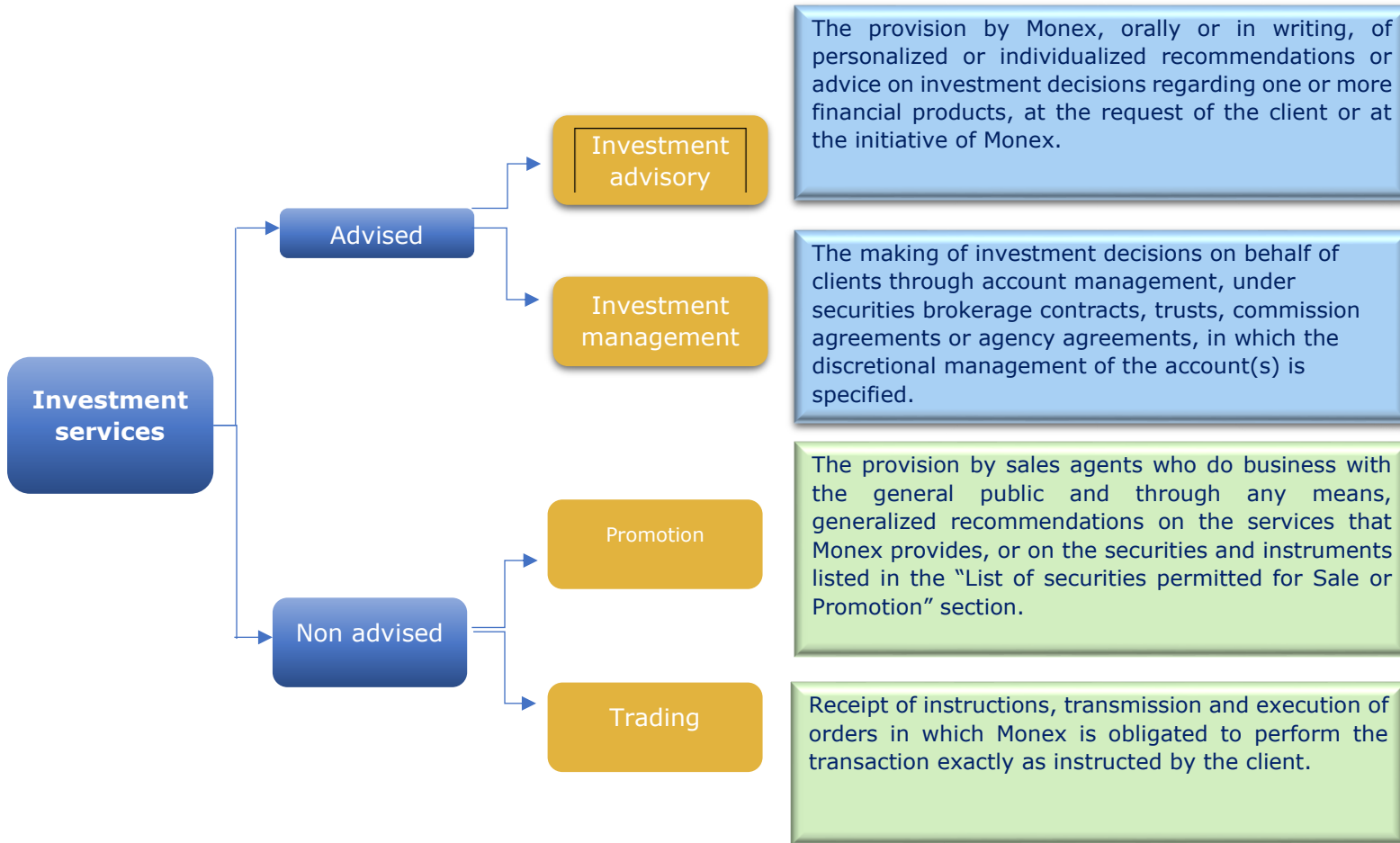
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## **Introduction:**

Pursuant to the General Provisions Applicable to Financial Entities and other Investment Service Providers (the "Provisions"), issued by the Ministry of Finance and Public Credit and published in the Official Gazette of the Federation on April 24, 2013, as amended, Monex Grupo Financiero has prepared this Investment Services Guide, which has been approved by the Financial Products Analysis Committee.

**Investment services offered by Monex Casa de Bolsa**



**Types of client according to the Provisions**

<p><b>Unsophisticated clients:</b></p>	<p>Prior to providing investment services, Monex will assume that all clients (whether individual or corporate) are not sophisticated clients for purposes of the Sales Practices Provisions, unless the client declares itself to be a sophisticated client.</p>
<p><b>Sophisticated clients:</b></p>	<p><b>A party (individual or corporation)</b> that maintains on average during the last twelve months, investments in securities in one or several financial entities, for an amount equal to or greater than 3,000,000 (three million) investment units (UDIs), or which has obtained, in each of the last two years, annual gross income equal to or greater than 1,000,000 (one million) investment units.<sup>1</sup></p> <p><i><sup>1</sup> In order to fulfill the definition of sophisticated client, the client must sign a letter stating that they are aware of the risks and what they entail, in addition to the level of income required to be considered as such, in terms of the form found in the annex of said Provisions.</i></p>
<p><b>Institutional clients:</b></p>	<ul style="list-style-type: none"> <li>- <b>Institutional Investors</b> (unless they request treatment as any other type of client).</li> <li>- <b>Foreign Financial Institutions</b> (including those referred to in the LIC).</li> <li>- <b>Foreign Investors</b> that have declared in their country of origin that they are Institutional Investors or equivalent according to the applicable legislation.</li> <li>- <b>Issuers</b> whose securities are listed in the Registry with under generic shelf listing.</li> <li>- <b>Equivalent Institutional Investors:</b> a) Issuers with registered securities or their subsidiaries that are part of the same Business Group; b) Fiduciary Institutions of Trusts; c) Federal Public Administration agencies and entities.</li> </ul>

## **Classes or categories of securities offered by Monex Casa de Bolsa**

Monex Casa de Bolsa offers the following securities investment products:

Mutual Funds - Click [here](#) to view the Mutual Funds section.

Capital Markets - Click [here](#) to view the Capital Markets section.

Money Market - Private Securities, Bank Securities and Government Securities.  
Click [here](#) to view the Money Market section.





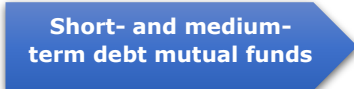
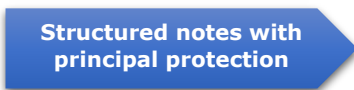
Investment Strategies - Click [here](#) to view the Investment Strategies section.

## Sales or promotion specifications

Monex can assist clients with the purchase, sale or repurchase transactions on the securities or instruments listed below:

- I. Government securities as defined in Banco de México Circular 3/2012 or the legal instrument that replaces them, as well as those Securities guaranteed or endorsed by the United Mexican States whose term to maturity at the time of providing the sales or promotion service is equal to or less than three years;
- II. Bank deposit instruments which in terms of the Bank Savings Protection Law are obligations guaranteed by the Institute for the Protection of Bank Savings or securities with an AAA rating, or its equivalent, granted by a Securities Rating Institution, and which have been issued by financial entities that are members of the same Financial Group to which a multiple-service banking institution belongs, provided that the term to maturity of such instruments or securities at the time of providing the sales or Promotion service is equal to or less than one year and that they require settlement at maturity of an amount at least equal to the principal invested by the client;
- III. Structured securities referred to in Article 1, Section XXV of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market, published in the Official Gazette of the Federation on March 19, 2003, as amended, provided that the term to maturity of the instrument at the time of provision of the sales or promotion service is equal to or less than one year, that it requires settlement at maturity of an amount at least equal to the principal invested by the client, and that the entity that guarantees payment of the principal invested has an AAA rating or equivalent from an accredited securities rating agency;
- IV. Securities that are debt instruments issued by legal entities or trusts, provided that the time of provision of the sales or promotion service is equal to or less than one year and that they have an AAA rating or equivalent from an accredited securities rating agency;
- V. Shares in mutual funds whose investment assets consist exclusively of the Securities mentioned in sections I and IV above, or shares of debt mutual funds which are classified, according to the duration of their investment assets, as short- or medium-term in accordance with the General Provisions Applicable to Investment Companies and their Service Providers, published in the Official Gazette of the Federation on December 4, 2006, as amended, and
- VI. Indexed Trust Certificates whose reference value is Government Securities as defined in Banco de México Circular 3/2012 or the legal instrument that replaces it, as well as those Securities guaranteed or endorsed by the United Mexican States, provided they are managed by Financial Entities and Investment Advisors.

**MAXIMUM LIMITS ON SALES**

<b>Low-risk financial instruments</b> 		<b>Term</b>	<b>Maximum</b>
	✓	< 3 years	100%
	✓	< 1 year	100%
	✓	< 1 year	100%
	✓		100%
	✓		40%
			Minimum rating S&P mx <b>AAA</b> or equivalent



## Portfolio diversification policies, advised clients in investment advisory

Monex Casa de Bolsa has policies for the diversification of its clients' investment portfolios based on their investment profiles, approved by the Financial Products Analysis Committee. The policies establish the maximum limits to be considered at the time of the investment recommendation, with respect to the same security, financial instrument, issuer or counterparty.

The maximum limits depend on the profile and type of product.

With respect to advised accounts, at Monex we have four profiles, each of which identifies the level of risk associated with the client:

- Conservative - Low risk profile.
- Moderate - Medium risk profile.
- Aggressive - High risk profile.
- Specialized - Very High Risk Profile.

Only advised clients must be assigned a profile, which is done through a questionnaire covering:

- Client's knowledge and experience
- Client's financial situation and capacity
- Client's investment goals, with respect to the amounts invested in the account.

### Limits by profile and by market

Profile	Risk tolerance	Money market (direct and repo)	Capital	FI Debt	FI Equities	Principal-protected notes (F)	Non-principal-protected notes (J)	Derivatives
<b>Conservative</b>		✓ AA ↑ Cannot trade corporate paper 100%	✗	✓ 100%	✗	✓ 40%	✗	✗
<b>Moderate</b>		✓ BB ↑ 100%	✓ 70%	✓ 100%	✓ 70%	✓ 80%	✗	✗
<b>Aggressive</b>		✓ B ↑ 100%	✓ 90%	✓ 100%	✓ 90%	✓ 90%	✓ 90%	✓ 80%
<b>Specialized</b>		✓ B ↑ 100%	✓ 100%	✓ 100%	✓ 100%	✓ 100%	✓ 100%	✓ 100%

**Considerations:**

- Money market operations include direct and repo transactions.
- In the capital market, they include domestic shares listed in the authorized stock exchanges and in the SIC, including ETFs and structured investments such as warrants, CKDs, FIBRAS, etc.
- Mutual funds include proprietary and third-party funds.
- Structured notes may be issued by Banco Monex or third parties.

Maximum percentages by issuer

Profile	Debt market direct	Capital	FI Equities	Principal-protected notes (F)	Non-principal-protected notes (J)
Conservative	60%	X	X	60%	X
Moderate	70%	60%	70%	70%	X
Aggressive	80%	70%	80%	80%	80%
Specialized	100%	80%	100%	100%	100%

## Commissions, costs and fees

Pursuant to the Provisions, Monex Casa de Bolsa provides the following information:

**Commissions:** No commissions are charged for investment services.

**Mutual Funds:** Fees are described in the Investor Information Prospectus. Click [here](#) to consult the Investment Funds section.

**Capital Markets, Money Markets and Investment Strategies:** The fees charged for these products are described below:

DIRECT COMMISSIONS		
Item	Commission	Investment advisory fee
<b>Equity market trading</b> <sup>(1)</sup>	Up to 1.70% per trade	N/A
<b>Securities custody</b>	None	N/A
<b>Mutual funds</b>	Based on investment prospectus	N/A
<b>Money market</b>	None	N/A
<b>Amounts owed above MXN1,000</b> <sup>(2)</sup>	Minimum MXN500 - Maximum TIIE x 3	N/A

**DIRECT FEES FOR INVESTMENT MANAGEMENT <sup>(3)</sup>**

PESO STRATEGIES	MXN3-19.9 *	MXN20-99.9	MXN100-499	MXN500 and up
DEBT	0.70	0.55	0.40	0.25
CONSERVATIVE	0.85	0.70	0.55	0.40
HIGH WEALTH	1.00	0.85	0.70	0.55
GROWTH	1.15	1.00	0.85	0.70

DOLLAR STRATEGIES	MXN3-19.9 *	MXN20-99.9	MXN100-499	MXN500 and up
ST DEBT	0.50	0.40	0.30	0.20
USD DEBT	0.60	0.50	0.40	0.30
CONSERVATIVE GLOBAL	0.68	0.58	0.48	0.38
MODERATE GLOBAL	0.76	0.66	0.56	0.46
AGGRESSIVE GLOBAL	0.84	0.74	0.64	0.54
GLOBAL EQUITIES	1.00	0.90	0.80	0.70

<sup>(1)</sup> Calculated based on the total amount of each transaction + VAT.

<sup>(2)</sup> Calculated based on the outstanding balance multiplied by TIIEx3; if the amount is less than MXN500, this will be the minimum amount due + VAT.

<sup>(3)</sup> Percentage of annual fee charged monthly. Collections current as of January 4, 2016.

<sup>(4)</sup> Success fee applicable on excess return only when net portfolio return is positive for the annual period in question and is above the return of the benchmark index.

For more information, please contact your investment advisor.

## Grievance mechanisms

In contrast to a complaint, suggestion, inquiry or comment, any client may file a claim for investment transactions in unrecognized certificates or securities, account disputes, or if they detect a trading error by the Entity.

When identifying a claim, dispute or error, it must be reported within 60 days from the date of issuance of the account statement in which it appears, through the following channels:

- a) The Monex Specialized User Attention Unit, Monday to Friday, 9:00 a.m. to 6:00 p.m., by e-mail to [gmascorro@monex.com.mx](mailto:gmascorro@monex.com.mx) or by phone at (5255)5230 0200 extension 0441.
- b) To file a claim, it is important you have your contract number at hand.
- c) You will receive a response to your claim is more or less calendar 45 days, depending on the case,

## **Policies and guidelines on conflicts of interest**

Monex Casa de Bolsa is governed by policies and guidelines that oversee the proper performance of its investment services agents at all levels, and which ensure compliance with the Provisions.

A conflict of interest arises when a personal interest in a transaction or an obligation to third parties conflicts with an employee's obligations to Monex Casa de Bolsa and its clients. This includes making use of the position to obtain a personal benefit by using insider information.

Monex Casa de Bolsa has a Code of Ethics, approved by the Board of Directors of Grupo Financiero Monex, which is distributed through the Intranet to all employees for their understanding and compliance. This Code includes a specific section on Conflicts of Interest that all employees must comply with.

Regarding Investment Services, in addition to the above, the following applies:

- No officer or proxy may make recommendations, advice or suggestions or operations that are not in accordance with the client's investment profile. It is forbidden to provide false or misleading information or to receive an income, commission or any other consideration from Monex Casa de Bolsa for such activities.
- Transactions may not be executed under the Trade Execution service for which there is evidence of having provided the client with recommendations, advice or suggestions.
- The client must be informed prior to carrying out any recommendation or transaction that would entail the provision of the investment service in question, in addition to informing them of the commission that would be paid.
- Monex Casa de Bolsa has policies and guidelines to regulate the flow of sensitive information when areas are dealing with information that may cause conflicts between business lines.
- No area may pressure, persuade or transmit confidential information to the areas that offer investment advisory services which could imply a conflict of interest with respect to their client relationship activities.
- Analysts are prohibited from accepting any compensation or receiving any benefit in return for a specific investment recommendation or advice.

This document was prepared by Monex Casa de Bolsa as required by the General Provisions applicable to Financial Institutions and Other Investment Service Providers, which can be viewed at <https://www.gob.mx/cnbv> in the Regulations section.

For more information, please contact your investment advisor.