

## **Investment Services Guide**

This Investment Services Guide for Monex Grupo Financiero is published pursuant to the "General provisions applicable to brokerage firms and banks as regards investment services" (the Provisions), issued by the Mexican Ministry of Finance and Public Credit and published in the *Official Gazette of the Federation* on April 24, 2013.

### **Content of the Investment Services Guide:**

- Services supplied by Monex Casa de Bolsa (the brokerage firm) and policies on portfolio diversification by type of service;
- Securities investments that Monex Casa de Bolsa handles for its clients;
- Fees as regulated by the Provisions, and any cost or other charge or consideration related to the investment services supplied;
- Policies or guidelines established by Monex Casa de Bolsa to prevent conflicts of interest;
- Steps for filing and responding to claims.

### **Types of Service**

#### **Advisory Service**

- **Investment Advice**

Monex Casa de Bolsa may offer written or spoken recommendations or advice personalized or individualized to clients, suggesting an investment decision regarding one or more financial products, either at the client's request or at our own initiative. Under no circumstances should the transactions carried out as the result of investment advice be considered or confused with "execution of trades" (see below), even if carried out at the client's instruction.

- **Policy on investment advisory portfolio diversification**

Monex Casa de Bolsa has policies on the diversification of its clients' investment portfolios according to the investment profiles approved by the Financial Products Analysis Committee. These policies cap the amount or percentage that may be invested in or with a given security, financial instrument, issuer or counterparty, when recommending an investment.

These caps depend on the level of the profile and type of service.

INVESTMENT PROFILE CAPS				
INVESTMENT ADVICE:				
	Conservative	Moderate	Specialized aggressive	Specialized
Financial Instruments	CAP	CAP	CAP	CAP
Government debt	100%	100%	100%	100%
Bank and corporate debt	100%	100%	100%	100%
Debt mutual funds (Monex Operadora de Fondos and others)	100%	100%	100%	100%
Equity Mutual Funds (Monex Operadora de Fondos and others)	N/A	70%	100%	100%
Domestic stocks listed on authorized exchanges	N/A	60%	100%	100%
Stocks listed on the SIC, including ETFs	N/A	60%	100%	100%
Structured investments (warrants, CKDs, FIBRAS, etc.)	N/A	60%	100%	100%
Certificates of Deposit	40%	85%	100%	100%
Principal-protected structured bank bonds (structured notes issued by Banco Monex or others)	40%	85%	100%	100%
Non-principal-protected structured bank bonds (structured notes issued by Banco Monex or others)	N/A	N/A	100%	100%
Derivatives (issued by Banco Monex or others)	N/A	N/A	100%	100%
	Minimum risk rating for instruments: S&P mxA	Minimum risk rating for instruments: S&P mxBB+	Instruments rated below those allowed for Conservative and Moderate	Instruments rated below those allowed for Conservative and Moderate
	No more than 60% of one issue	No more than 65% of one issue of equity, equity mutual funds or structured bank bonds	No more than 70% of one issue of equity, equity mutual funds, derivatives and structured bank bonds.	No maximum % of one issue

- **Managed investments**

Monex Casa de Bolsa may make investment decisions on behalf of its clients by managing accounts that have been opened under securities brokerage agreements, trusts, agency agreements or mandates, in all cases with the stipulation that our handling of those accounts is at our discretion.

### **Non-advisory service**

- **Trading**

Monex Casa de Bolsa may, through brokers authorized to trade with the public, supply general recommendations regardless of the client's profile, and through any channel or media, regarding the services it provides, or regarding purchase, sale or repurchase agreements involving the following securities or instruments:

- I. Government securities defined in Banco de México's Bulletin 3/2012 or those that replace it; securities guaranteed or backed by the Mexican federal government, with a term to maturity of no more than three years at the time the sales service is supplied;
- II. Bank deposit instruments which under the Bank Savings Protection Law constitute obligations guaranteed by the Institute for Bank Savings Protection (IPAB) or which have a rating of AAA or equivalent by an official rating agency, issued by financial entities that are part of the same financial group to which a multiple-service bank belongs, provided the term to maturity of the instrument or security is no more than one year at the time the trading service is provided, and that the instrument obligates the issuer to return at least the full amount of principal at expiration;
- III. Structured securities referred to in article 1, section XXV of the "General provisions applicable to securities issuers and other participants in the securities market," published in the *Official Gazette of the Federation* on March 19, 2003 and its respective modifications, provided that the term to maturity of the instrument is no more than one year at the time the trading service is provided, that the instrument obligates the issuer to return at least the full amount of principal at expiration, and that the entity guaranteeing payment of the principal is rated at least AAA or its equivalent by an official securities rating agency;
- IV. Debt securities issued by corporations or trusts, provided that the term to maturity of the instrument is no more than one year at the time the sales service is provided, and that the instrument is rated at least AAA or its equivalent by an official securities rating agency;

- V. Shares in mutual funds that invest exclusively in the securities mentioned in sections I-IV above, or shares in debt mutual funds that invest in securities with durations classified as short or medium term according to the "General provisions applicable to mutual funds and the parties who supply services to them," published in the *Official Gazette of the Federation* on December 4, 2006, and their respective modifications; and
- VI. Indexed trust certificates referenced to government securities as defined in Banco de México's Bulletin 3/2012 or the instrument that replaces them, as well as securities guaranteed or backed by the Mexican federal government, provided they are managed by financial entities or investment advisors.

CAPS FOR TRADING – NON-ADVISORY SERVICE		
<u>TRADING:</u>		
Financial instrument	TERM	CAP
Government	< 3 years	100%
Bank	< 1 year	100%
Corporate	< 1 year	100%
Short- and medium-term debt funds (Monex Operadora de Fondos or others)		100%
Principal-protected structured notes (issued by Banco Monex)		40%

**Minimum risk rating  
on the instrument:  
S&P mxAAA**

- **Execution of trades**

Monex Casa de Bolsa may receive instructions, transmit and execute orders regarding one or more financial instrument or security and is obligated to execute the transaction precisely on the terms instructed by the client, without there necessarily have been any advice or recommendation on our part.

## **Securities investments that Monex Casa de Bolsa handles for its clients:**

Mutual funds. Click here to view the Mutual Funds section: [Dé clic para consultar la sección Fondos de inversión](#)

Stock market. Click here to view the Stock Market section: [Dé clic para consultar la sección Mercado de capitales](#)

Money market: private paper, bank certificates and government securities. Click here to see the Money Market section: [Dé clic para consultar la sección Mercado de dinero](#)

Investment strategies. Click here to view the Investment Strategies section: [Dé clic para consultar la sección Estrategias de inversión](#)

## **Fees**

The following information on fees is supplied by Monex Casa de Bolsa, pursuant to the Provisions:

**Mutual funds:** Fees are detailed in the Information Prospectus for the Investing Public. Click here to view the Mutual Funds section: [Dé clic para consultar la sección Estrategias de inversión](#)

**Stock market, money market and investment strategies:** the fees charged for these products are as follows:

DIRECT FEES		
ITEM	FEE	Investment advisory fee
Purchase/sale of stocks <sup>(1)</sup>	Up to 1.70% per trade	N/A
Securities custody	No fee	N/A
Mutual funds	According to the prospectus for the investing public	N/A
Money market transactions	No fee	N/A
Debit balances above \$1,000.00 <sup>(2)</sup>	MXN500 or TIIE x 3, whichever is higher	N/A

## DIRECT COMMISSIONS FOR INVESTMENT MANAGEMENT <sup>(3)</sup>

STRATEGY	MXN5-10 million	MXN10-30 million	MXN30-50 million	MXN50-100 million	MXN100-500 million	MXN500 million-1 billion	Above MXN1 billion
Debt	0.75	0.65	0.55	0.45	0.35	0.25	0.20
Conservative	0.88	0.78	0.68	0.58	0.48	0.38	0.33
Wealth Protection	1.06	0.96	0.86	0.76	0.66	0.56	0.46
Growth	1.19	1.09	0.99	0.89	0.79	0.69	0.59

STRATEGY	Up to USD1 million	More than USD1 million	Success commission <sup>(4)</sup>
Intelligence	1.50	1.00	10%

- (1) Calculated based on the total amount of the transaction plus VAT tax.
- (2) Either MXN500 pesos, or the total outstanding balance multiplied by the TIIE rate x 3, whichever is higher, plus VAT tax.
- (3) Percentage of the annual commission, charged monthly. Charges in effect as of January 4, 2016.
- (4) Success commission is applied to excess return only when the net portfolio return is positive in the year in question, and when it is also higher than the benchmark index.

For more information, please contact an investment advisor.

### **Conflicts of interest**

Monex Casa de Bolsa has policies and guidelines in place to ensure its representatives conduct themselves appropriately in providing investment services at all levels. These policies ensure we remain in compliance with the Provisions.

A conflict of interest arises when the personal interest of someone involved in a transaction or an obligation to another party enters into conflict with the obligations they have as an employee of Monex Casa de Bolsa toward its clients.

This includes making use of one's position for some personal gain by using inside or confidential information.

Monex Casa de Bolsa has a Code of Ethics, approved by the Board of Directors of Grupo Financiero Monex, which is available online for all employees to read, understand and follow. There is a special section of that Code on conflicts of interest, which employees are admonished to apply.

In providing investment services, in addition to the above, employees must abide by the following rules:

- No officer or agent may make recommendations, give advice or offer suggestions on transactions that are inconsistent with the client's investment profile. It is prohibited to provide false or misleading information in return for an income, commission or any other consideration from Monex, Casa de Bolsa, for those activities.
- No trades may be executed under an "execution of trades" agreement when there is evidence that the client has received recommendations, advice or suggestions.
- Clients must be informed before receiving any recommendation or carrying out any transaction that they are receiving an investment service, and advised of the commission or fee they will pay.
- Monex Casa de Bolsa has policies and guidelines in place to regulate the flow of sensitive information when the areas are dealing with information that may give rise to conflicts of interest between the business lines.
- It is prohibited to pressure, persuade or transmit confidential information to business lines that offer investment advisory services that may generate conflicts of interest with their customer relations activities.
- Analysts may not accept any compensation or receive any benefit from the recommendation or advice they offer.

### **Steps for filing and responding to claims**

Clients may file a claim regarding a trade in unrecognized certificates or securities or if they detect a trading error on the part of Monex. Note that this is different from a normal grievance, suggestion, question or comment.

Upon detection of an unrecognized trade or error or dispute some aspect of the transaction, clients must report it no more than 60 days after the date their account statement was issued, as follows:

a) By contacting the Monex Special User Service Unit from Monday to Friday, 9:00 a.m. to 6:00 p.m., by e-mail at [gmascorro@monex.com.mx](mailto:gmascorro@monex.com.mx), or by phone at (52-55) 5230 0200, extension 0441.

1. To file a claim, clients must have their contract number at hand.

2. The response time for claims is normally 45 calendar days, although it may be longer or shorter depending on the case.