

# IND-X ADVISORS

## Investment Adviser Brochure Form ADV, Part 2A Disclosure Statement

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This brochure provides information about the qualifications and business practices of IND-X Advisors Limited. If you have any questions about the contents of this brochure, please contact us at Tel. +852 2534 7426 and/or by email at [contact@indxadvisors.com](mailto:contact@indxadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about IND-X Advisors Limited also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2**                      **Material Changes**

This Brochure, dated June 1, 2017, is our new disclosure document prepared according to the SEC's requirements and rules.

There are material changes since our last filing on August 8, 2016 to Item 4 relating to the subscription research services offered by the firm:

- The following research service, described in Item 4 has been added:  
**5<sup>th</sup> Column Ideas**
- The following research service has been discontinued:  
**Oculus Research Asia**

### **Item 3**

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## Item 4                      Advisory Business

Founded in 2007, IND-X Advisors Limited (“IND-X”, “we”, “our”, or “us”) provides investment research advisory services to institutional investors. We do not provide services to individual investors.

The principal owners of IND-X are Richard Antony Wallace and Roderick Mark Waters, both full-time employees.

We aim to provide fund managers with access to the best independent investment research, covering predominantly the markets and securities of the Asia Pacific region, but also global macro-economic strategy. We meet with clients on a regular basis to assess their research requirements. Based on this understanding we recommend to our clients’ independent research products that are most relevant to their investment strategies and mandates.

We do not hold or manage client assets.

Our research products range consists of:

- Seven separately branded subscription research products that are produced by distinct teams of analysts at IND-X and published by IND-X;
- Products and services of select third party independent research providers that we have partner relationships with.

The subscription products published by IND-X are listed below:

- **A Stotz Investment Research**  
Stock selection for companies listed in the Asia Pacific region. Includes three model portfolios for Asia-ex Japan, ASEAN and Thailand. The analysis is based on a proprietary quantitative model with a qualitative overlay. **Andrew Stotz** is the lead analyst.
- **Cha-Am Advisors**  
Global macro economic strategy with an Asian focus. Seeks to identify and attack the big consensus views, and make contrarian calls on markets and stocks. **David Scott** is the lead analyst.
- **Japan Markets Clarity**  
Japan Markets Clarity is a monthly research publication examining Japan’s political economy. Combines extensive knowledge of Japan with a skeptical view of mainstream studies of the country. The author is **Alexander Kinmont**.
- **Schulte Research**  
The Schulte Research Report focuses on banks, bank credit, corporate solvency and

emerging financial technology. Provides views on the direction of equity markets and recommendations for global banking related securities. **Paul Schulte** is the lead analyst.

- **Technology Advisory Group (TAG)**

TAG focuses on the Global Technology Sector, with a focus on global smartphone companies and supply chain and also more generally Asian technology companies generating stable earnings/cash flow with attractive cash dividend yields. **Warren Lau** is the lead analyst.

- **View from the Peak**

Global macro economic strategy with a 3-6 month time horizon. Views are based on analysis of the interconnection of global monetary and fiscal policy, technology, demographics and geopolitics, integrated with views on long term thematic trends. Includes three model portfolios: Global Multi Asset Class; Japan Equities; China Equities. **Paul Krake** is the lead analyst.

- **Fifth Column Ideas**

Focuses on global themes, especially technology, scouring the world for companies and industries with scientific and technological assets capable of providing above average returns. Fifth Column Ideas looks for anomalies and break-through ideas where economists and market strategists seldom focus on, yet tech, together with demographics, is the most important transformative force in the economy. **Keith Woolcock** is the lead analyst.

The methods of analysis used in our research products are outlined in Item 5 of this document.

### **Third Party Independent Research Providers**

IND-X has partner relationships with over 30 independent research providers (“IRP”). The IRPs mainly focus on the markets and securities of the Asia Pacific region or provide global analysis of interest to investors in Asian markets.

The IRPs employ a broad variety of research approaches including: fundamental company analysis, sector and industry analysis, economic forecasting, technical analysis, impacts of government policies and geopolitical events, forensic accounting, corporate governance studies and a number of other specialist fields.

Prior to partnering with an IRP, we perform due diligence on the firm, key staff and research processes. We monitor the ongoing quality of written research and solicit client feedback on the overall service provided by the IRP to the client.

The current list of IRPs that we work with may be found on our website at the following address:

<http://www.indxadvisors.com/go/research/independent-research-providers>

## **Firm History**

Enzard Limited, was founded in 2003 by Richard Antony Wallace. The firm provided independent investment research management for institutional investors world-wide and built a reputation as a unique source of unbiased information on the independent research space in Asia.

IND-X Securities (Asia) Limited was founded in 2007 to capitalize on regulatory changes in the investment banking sector and structural changes introduced by MiFID.

To leverage synergies between the businesses, IND-X merged with Enzard Limited in 2012.

In January 2013, the IND-X was purchased by its management team, Richard Antony Wallace and Roderick Mark Waters.

In October 2014 the firm was renamed to IND-X Advisors Limited.

## **Item 5 Fees and Compensation**

For research products that we publish, we typically charge a fixed fee. The fee may vary depending on the amount of assets under management, the level of service provided to the client and the number of client staff using the service. Fees are payable quarterly in advance.

We may be paid a variable fee by some clients based on the results of the fund manager's internal research voting process.

We are paid referral fees by an IRP upon successful introduction of the IRP to the client. The referral fees are based on a percentage of the fees paid by the client to the IRP, and are usually ongoing for the lifetime of the client / IRP relationship.

We are paid a fee proportional to the assets under management by two Thailand-based funds.

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

We do not receive performance-based fees and do not engage in discretionary investment management. Therefore this item is not applicable.

## **Item 7**                      **Types of Clients**

Our clients are institutional investment managers, including managers of hedge funds and publicly offered investment funds, with at least USD 50mn of assets under management. The majority of our clients have over USD 500mn of assets under management.

We do not provide any services to private individuals.

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

We employ a number of methods of analysis to formulate recommendations on market timing, asset allocation and stock selection. These include:

- Fundamental company analysis;
- Back tested quantitative stock selection models
- Economic forecasting
- Analysis of government policy, fiscal policy, and central bank policy.
- Effects of changing demographics
- Analysis of global banks, liquidity and corporate credit.
- Impact of geopolitical events.
- Impact of technology on wider industries.

The analysis is based on publically available information, sourced from newspapers and other generally available media, generally available financial databases and official company disclosures. We have strict research compliance policies and procedures to avoid obtaining non-public material information and providing any such information inadvertently obtained to our clients.

### **Investment Risks**

All investments in securities carry a risk of loss, including substantial or even complete loss. Our recommendations are backed by models whose assumptions we can defend, but fundamental research is prone to errors deriving from misunderstandings and misestimates concerning an issuer, its markets and competitive environment, general market conditions and general economic conditions. When we are aware of specific risks relating to a particular issuer or other more general factors, we warn our clients of those risks.

We provide investment advice covering predominantly the markets and securities of the Asia Pacific region. We only work with experienced institutional investment managers who we believe

are aware of the risks factors associated with investing in Asia and other emerging markets. We note the following specific risks relating to these markets:

- Non-U.S. securities markets may be less liquid and at times more volatile than comparable U.S. markets.
- Securities issued by non-U.S. issuers and principally traded outside the United States involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments and possible difficulty in obtaining and enforcing judgments against non-U.S. entities.
- Issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers, and the regulation of non-U.S. securities markets, particularly in emerging market countries, is frequently less comprehensive and less effectively administered than regulation in the United States and other developed country markets.
- Geopolitical events such as tensions between China and its neighboring countries and between China and the United States, the ongoing turmoil in countries in the Euro zone, the volatility of the price of oil, developments in the Middle East, Iran and elsewhere, and other geopolitical and domestic developments; the continued threat of terrorism; ongoing military and other actions and heightened security measures in response to these threats; and other unanticipated global events may cause disruptions to commerce, reduced economic activity and continued volatility in markets throughout the world. We cannot predict the extent and timing of any decreased commercial and economic activity resulting from the above factors, or how any such decrease might affect the value of securities.

## **Item 9                      Disciplinary Action**

We have no legal or disciplinary events to report in response to this item.

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

We provide an invoicing and payment collection service for a number of independent research providers for a small percentage fee.



We have no financial industry affiliates other than our wholly owned subsidiary IND-X Advisors LLC (the operations of which are completely integrated with ours), and neither we nor our personnel engage in other financial industry activities.

IND-X has partner relationships with over 30 independent research providers as outlined in Item 4 of this document.

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

As required by Rule 204A-1 under the Investment Advisers Act of 1940, we have adopted a Code of Ethics.

All advisory personnel are required to adhere to the CFA Institute Code of Ethics & Standards of Professional Conduct (“The Code”). Copies of the codes can be found at [www.cfainstitute.org/ethics](http://www.cfainstitute.org/ethics). The six guiding principles of the Code are:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

We have in place written policies and internal procedures to facilitate compliance with the Code and other regulatory obligations including, for example, on personal account dealing, conflicts of interest, insider dealing, client confidentiality, gifts and inducements and whistleblowing. Copies of the firm’s “Code of Ethics and Regulatory Compliance” manual will be made available to clients on request.

## **Personal Account Dealing**

The aim of the IND-X personal account (“PA”) dealing policy is to ensure that all regulations in all jurisdictions in which IND-X operates are adhered to where trading and investment made by employees for their personal accounts is concerned.

The term 'employee' includes consultants, secondees and temporary employees who are materially involved in investment business or whose term of employment exceeds one month.

Under the IND-X PA Dealing Policy:

- No employee is allowed to effect a personal account transaction if they have reasonable grounds for believing that the firm intends to publish a written recommendation, or a piece of research or analysis, which could reasonably be expected to affect the price of the investment that is the subject of the transaction.
- Employees of IND-X are required to identify all related accounts and report them to the senior management. “Related Accounts” include accounts of their minor children and accounts in which the employees hold beneficial interests or over which they could be deemed to have influence.
- IND-X employees are required to deal through a registered and licensed firm.
- IND-X employees are required to seek pre approval for all trades using the firm’s PA dealing system.

## **Personal Account Dealing Compliance**

- The Compliance officer, or, in his absence, the CEO, are responsible for vetting and approving requests to trade.
- Employees shall arrange for duplicate broker account statements to be sent to the IND-X Compliance Officer, at least monthly.
- The IND-X Compliance officer shall periodically assess whether employees are complying with the PA dealing policy, by verifying that broker statements are consistent with PA transactions that were pre-approved.
- Disciplinary action will be taken against employees found to have breached the PA dealing policy.

**Item 12                      Brokerage Practices**

We do not select or recommend broker-dealers to clients. Therefore this item not applicable.

**Item 13                      Review of Accounts**

We do not manage client funds. Therefore this item not applicable.

**Item 14                      Client Referrals and Other Compensation**

IND-X has partner relationships with over 30 independent research providers (“IRP”). We are paid referral fees by an IRP upon successful introduction of the IRP to the client. We recommend to our clients’ only independent research products that are relevant to their investment strategies and mandates.

**Item 15                      Custody**

We do not manage, or have custody of, client funds. Therefore this item not applicable.

**Item 16                      Investment Discretion**

We do not manage client funds. Therefore this item not applicable.

**Item 17                      Voting Client Securities**

We do not manage client funds and, accordingly, do not have authority to vote client securities. Therefore this item not applicable.

**Item 18                      Financial Information**

We are not required to provide a balance sheet or other disclosures under this item.