

## **Item 1 - Cover Page**

**July 22, 2013**

### **Golden Jade Capital Management, LLC**

12F, No. 221, Sec.4, Jhongsiao E. Rd.,  
Taipei City 106, Taiwan

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**This brochure serves as a replacement to Part II of Form ADV Uniform Application for Investment Adviser Registration, which gives information about an investment adviser and its business for the prospective Clients. This information has not been approved or verified by any governmental authority. Registration of an investment adviser does not imply that the adviser possesses a certain level of skill or training.**

Additional information about Golden Jade Capital Management, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Golden Jade Capital Management, LLC (GJCM) is a newly registered investment adviser with the Securities Exchange Commission (SEC). Therefore this Brochure is a new document and there are no material changes to be reported. In the future, this Item will discuss only specific material changes that are made to the Brochure. Each time GJCM will reference the date of its last annual update of the Brochure.

Pursuant to new SEC Rules, Clients will receive a summary of any materials changes to the Brochure, and any subsequent versions of the Brochure within 120 days of the close of the GJCM fiscal year, which is December 31. GJCM may further provide other ongoing disclosure information about material changes as necessary. GJCM will provide Clients with a new version of the Brochure as necessary based on changes or new information, at any time, without charge. Currently, anyone may request the Brochure by contacting Mr. Yu-Dong Chen at +886-972212010 or [chenyudong@gmail.com](mailto:chenyudong@gmail.com).

Golden Jade Capital Management, LLC

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## Item 4 – Advisory Business

Golden Jade Capital Management, LLC (the “**Investment Adviser**” or “**GJCM**”) is an investment advisory firm registered with the Securities and Exchange Commission (the “**SEC**”). GJCM offers advisory services to high net worth clients through managed accounts in exchange for a performance fee, described below. GJCM was organized on April 29, 2013 as a Delaware limited liability corporation. The sole owner and control person of GJCM is Mr. Yu-Dong Chen.

The principal office of GJCM is located at 12 F, No. 221, Sec. 4, Jhongsiao E. Rd., Taipei City 106, Taiwan. Regular business hours are from 9:30 am to 4 pm (EST), Monday through Friday. Clients may call GJCM any time during normal business hours to discuss their accounts, financial situation or individual needs.

As the manager and controlling person of GJCM, Mr. Chen controls all of GJCM’s business operations and activities. This Brochure provides information regarding GJCM and its qualifications, business practices, and the nature of advisory services that should be considered.

Please contact Yu-Dong Chen, Chief Compliance Officer, if you have any questions about this Brochure. Additional information about GJCM is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for GJCM is 167923.

Mr. Chen, the sole individual associated with GJCM will provide its investment advisory services. He is appropriately licensed, qualified, and authorized to provide advisory services on behalf of GJCM to its Clients.

Mr. Yu-Dong Chen was born on June 9, 1978. Mr. Chen is a Taiwanese investment manager and board-certified radiologist in Taiwan. He is the founder of the Golden Jade Capital Management, LLC. He graduated from Taipei Medial University School of Medicine in June 2004, and finished his residency within 4 years and became an attending physician in Department of Radiology at Taipei Veterans General Hospital for three more years. While off duty at night, he worked on his lifelong hobby, which was an interest in financial investments. He had already developed a reputation as an investor by demonstrating astounding success in "long/short" strategy with strict risk management over twelve years. He left work as a radiologist to become a full-time investor and start his own capital management company in May, 2013.

### Description of Advisory Business

GJCM manages accounts for high-net worth Clients (the “**Investment Management Services**”) that represent they (1) have speculative capital for the principle purpose of

investing and (2) are fully cognizant of the possible high risks associated with such investments. GJCM's investment program (described below and in Item 8 of this Brochure) focuses on the global securities markets.

Investment account assets shall consist of (i) all such cash and investments of the Client as the Client may place under the supervision of GJCM from time to time, plus (ii) all investments, reinvestments and proceeds of the sale thereof, including, without limitation, all dividends and interest on investments, and all appreciation thereof and additions thereto, less depreciation thereof and withdrawals therefrom (the "**Investment Account Assets**"). A separate managed account (the "**Managed Account**") is maintained for each Client's Investment Account Assets with the Custodian and the Client retains all rights of ownership to their Managed Accounts.

In its full and absolute discretion and without any obligation on its part to give prior notice to the Client, GJCM shall have sole, complete and full power and authority to invest and reinvest all of the Investment Account Assets in such securities as GJCM in its sole and absolute discretion shall consider to be in the best interest of the Client.

In connection therewith, GJCM shall have sole, complete and full power and authority to: (i) issue orders for the Managed Account to a broker or dealer; (ii) instruct the Custodian to exercise or abstain from exercising any option, privilege or right held in the Managed Account; (iii) monitor the correct collection of income on the Managed Account by the Custodian; and (iv) take any other action with respect to securities or other property in the Managed Account as needed to serve the best interest of the Client. GJCM shall further be free to make investment changes regardless of the resulting rate of portfolio turnover, when it, in its sole discretion, shall determine that such changes will promote the investment objective of the Managed Account.

GJCM reserves the right to advise Clients with respect to any other type of investment deemed appropriate based on the Client's stated goals and objectives. GJCM may also provide advice on any type of investment held in a Client's Investment Account Assets at the inception of the advisory relationship or with respect to any investment for which the Client requests advice.

GJCM does not guarantee any specific level of performance, the success of any investment decision or strategy that GJCM may use, or the success of GJCM's overall management of the Client. The Client understands that investment decisions made for the Client by GJCM are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

There is no guarantee that the advisory services offered would result in the Client's goals and objectives being met. There is no guarantee of profit or protection from loss. The fees and expenses in connection with these advisory services may be higher than the cost of similar services offered through other financial firms or the fees associated with other financial services. No assumption can be made that any particular advisory

services, investment strategy or fee arrangement will provide better returns than other investment strategies.

Clients are responsible for notifying GJCM of any changes to their financial situation or investment objectives.

## **Item 5 – Fees and Compensation**

### **Management Fee**

At present, GJCM will not receive a Management Fee from Client's. However, GJCM reserves the right, on adequate notice to Client's, to seek a Management Fee in the future.

## **Item 6 – Performance Based Fees and Side-by-Side Management**

### **Performance Fee**

If the Client is a Qualified Client, a performance-based incentive fee (the "Performance Fee") is assessed with respect to the Investment Account Assets. The Performance Fee shall equal twenty-five percent (25%) of the excess, if any, of the Net Capital Appreciation (as defined below) of the Investment Account Assets over any Accumulated Net Capital Depreciation (as defined herein).

The computation of the Performance Fee is to be made as of September 30, 2013 and thereafter as of the end of each calendar quarter during the existence of this Agreement and one hundred percent (100%) of the estimated Performance Fee, if any, shall be payable by 10 days after the close of each quarter. "Net Capital Appreciation" means the excess, on a US\$-adjusted basis, of (i) the total of all realized and unrealized gains and dividend and interest income, over (ii) the total of all realized and unrealized losses and expenses, all determined on the accrual basis of accounting. "Accumulated Net Capital Depreciation" means the sum of the Net Capital Depreciation (as defined below) for all calendar quarters for which Net Capital Depreciation exists since the last previous date as of which a Performance Fee was payable (i.e., a "loss carry-forward" from prior quarter(s)). "Net Capital Depreciation" means the excess of the (i) total of all realized and unrealized losses and expenses, over (ii) the total of all realized and unrealized gains and dividend and interest income. "Expenses" include, without limitation, the Base Fee, dividends paid, any amounts of dividend or interest income withheld as taxes, and interest paid (including interest on capital to fund the Account). Unrealized gains or losses shall be calculated based upon prices at which open positions are valued in the ordinary course at the close of business at quarter-end. Realized gains and losses shall be calculated on the actual net purchase or sale prices paid or received.

If at any time during or following the term of this Agreement, gains or income used to calculate the Performance Fee are subsequently required to be surrendered or otherwise expended as a result of an adjudication or a settlement of allegations to the effect that such gains or income were obtained in violation of applicable law, the Investment Manager shall be liable to return any excess of the Performance Shares previously paid over the amount of Performance Fees which would have been due the Investment Manager in the absence of the activity that gave rise to such surrender.

### **Payment of Performance Fees**

Fees for advisory services may be drawn directly from the Client's account whenever the following conditions are met and the Client authorizes direct withdrawals in writing

below:

- A copy of the invoice must be sent to the Custodian at the same time a copy is sent to the Client;
- The Custodian sent statements to the Client showing all disbursements for the custodian account, including the amount of the Client Fees; and
- The Client provides written authorization permitting the Investment Manager to bill and draw fees directly from their Investment Accounts held by the Custodian.

I **authorize** direct fee withdrawals from my Investment Account.

Signature \_\_\_\_\_ Date\_\_\_\_\_

I **decline** to authorize direct fee withdrawals from my Investment Account.

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Item 7 – Types of Clients**

GJCM provides Investment Management Services on a fully discretionary basis to high-net worth Clients through separately managed accounts. GJCM manages accounts for Clients that represent they (1) have speculative capital for the principle purpose of investing and (2) are fully cognizant of the possible high risks associated with such investments.

In order to become a Client, prospective Clients must represent and warrant to GJCM that: (i) it has full capacity and authority to enter into the Agreement and to perform its obligations thereunder; (ii) it has all governmental and regulatory licenses, registrations and approvals required by law as may be necessary perform its obligations under the Agreement; (iii) it will not, by entering into the Agreement and performing its obligations hereunder, breach or cause to be breached any undertaking agreement, contract, statute, rule or regulation of any court or any governmental body or administrative agency or self-regulating authority having jurisdiction over it; and (iv) should it be acting on behalf of third-party investors, it has determined the extent of any information regarding GJCM that is required to be provided to such third-party investors and takes sole responsibility therefore.

Clients must meet certain minimum suitability requirements, including qualifying as an Accredited Investor and Qualified Client, unless otherwise determined by GJCM.

All Clients must sign GJCM's Investment Management Agreement. Prospective Clients must respond to all questions listed in the Investment Management Agreement in order to be able to become a Client of GJCM.

GJCM may reject any person's request to become a Client of GJCM for any reason.

Although Mr. Chen expects to devote a significant amount of his time to the business of the GJCM, he is only required to devote so much of his time to GJCM as he determines necessary in his sole discretion.

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

### **Method of Analysis and Investment Strategy**

GJCM was established in 2013 with the goal of generating returns to Clients through a "long/short" strategy that will involve buying "long" issues that are expected to increase in value and selling "short" issues that are expected to decrease in value. The selection process for "short" investments will generally be similar to the process for "long" investments.

GJCM's strategy relies on identifying various characteristics of stock market trends or turns before they are fully priced in. GJCM intends to employ primarily a top-down approach. Such approach will generally be implemented using both fundamental and technical analysis. Identification of important macroeconomic and/or stock market trends or turns will be followed by selection of sectors with relative strengths or weaknesses under such scenarios. Then, individual companies and/or ETFs with attractive valuations will be screened for detailed research and investing.

### **Investment Philosophy**

Our principal investment objective is to achieve capital appreciation, at reasonable risk. The Investment Manager intends to strive to identify trades with risk/reward profiles that are superior to that of the Standard and Poor's 500 Index (S&P 500), by investing primarily in publicly traded common stocks and options. Other instruments, including, but not limited to, warrants and convertible securities, may also be employed at the discretion of the Investment Manager. The Investment Manager may also engage in short-selling, margin trading and other forms of leverage whenever deemed necessary by the Investment Manager.

Our portfolio will be constructed primarily with a "long/short" strategy that will involve buying "long" issues that are expected to increase in value and selling "short" issues that are expected to decrease in value. The selection process for "short" investments will generally be similar to the process for "long" investments. In addition, short-selling and options strategies, among others, may be used to seek to reduce exposure to market and/or individual investment risk. The Investment Manager may establish options positions when options present more favorable risk/reward relationships than ownership of the underlying investment.

### **Risk Management**

**Investment Risks in General.** The Investment Manager will engage in speculative investment strategies. A potential investor should note that the prices of instruments in which the Investment Manager will trade may be volatile. Market movements are

difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies, changing supply and demand relationships, national and international political and economic events, changes in interest rates, and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

**General Economic Conditions.** The success of any trading activity may be affected by general economic conditions, which may affect the level and volatility of securities prices, interest rates and the extent and timing of investors' participation in the markets for securities and other instruments. Unexpected volatility or liquidity in the markets in which the Investment Manager directly or indirectly holds positions could impair the Investment Manager's ability to carry out its business or cause it to incur losses.

**Investment Judgment; Market Risk.** The profitability of a significant portion of the Investment Manager's investment program depends 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 the Managing Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Investment Manager, there is always some, and occasionally a significant, degree of market risk. Changing market and economic conditions may lead to investor losses.

**Options.** The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying investment rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

**Leverage.** When deemed appropriate by the Investment Manager and subject to applicable regulations, the Investment Manager may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as

puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Investment Manager. If the interest expense on this leverage were to exceed the net return on the investments made with borrowed funds, the Investment Manager's use of leverage would result in a lower rate of return than if the Investment Manager was not leveraged. Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

## **Item 9 – Disciplinary Information**

Neither GJCM nor Mr. Chen has been involved in any legal or disciplinary events. No disciplinary events have been recorded by the any state or the SEC. GJCM does not have any current Clients. No prospective Client has threatened GJCM or Mr. Chen with disciplinary activities.

## Item 10 - Conditions for Managing Accounts

Investment Account Assets shall consist of (i) all such cash and investments of the Client as the Client may place under the supervision of GJCM from time to time, plus (ii) all investments, reinvestments and proceeds of the sale thereof, including, without limitation, all dividends and interest on investments, and all appreciation thereof and additions thereto, less depreciation thereof and withdrawals therefrom.

The minimum account size that shall be accepted by GJCM is five thousand U.S. dollars (USD \$5,000) and the Client may add to or withdraw funds from its investment account (the "**Investment Account**") in increments of five thousand U.S. dollars (USD \$5,000) at any time as long as the Investment Account Assets remain equal to or in excess of such amount.

In order to become a Client, prospective Clients must represent and warrant to GJCM that: (i) it has full capacity and authority to enter into the Agreement and to perform its obligations thereunder; (ii) it has all governmental and regulatory licenses, registrations and approvals required by law as may be necessary perform its obligations under the Agreement; (iii) it will not, by entering into the Agreement and performing its obligations hereunder, breach or cause to be breached any undertaking agreement, contract, statute, rule or regulation of any court or any governmental body or administrative agency or self-regulating authority having jurisdiction over it; and (iv) should it be acting on behalf of third-party investors, it has determined the extent of any information regarding GJCM that is required to be provided to such third-party investors and takes sole responsibility therefore.

Clients must meet certain minimum suitability requirements, including qualifying as an Accredited Investor and Qualified Client, unless otherwise determined by GJCM. Investors must respond to all questions listed in the Agreement in order to be able to become a Client of GJCM.

GJCM may reject any person's request to become a Client of GJCM for any reason.

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

GJCM has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 of the Investment Advisers Act and Rule 17j-1 of the Investment Company Act. GJCM’s Code sets forth standards of ethical and business conduct expected of access persons and addresses conflicts that may arise from personal trading by GJCM personnel to ensure that GJCM’s fiduciary obligations to its clients are met as well as compliance with federal securities laws. The Code includes a personal trading policy and policies and procedures to detect and prevent insider trading. Additionally, the Code defines material, nonpublic information and the restrictions on trading on any such knowledge. The Code also includes policies and procedures on serving as officers, trustees and/or directors of outside organizations and participating in outside business activities. Additionally, the Code sets forth specific restrictions and limitations as to which employees may make political contributions, as well as preclearance requirements for certain political contributions.

All GJCM personnel must acknowledge understanding and agree to comply with the Code initially upon employment and must certify on an annual basis that they have read and understand the code and have complied with it.

Clients or prospective clients may obtain a copy of the Code upon request.

### **Conflicts of Interest**

Clients or investors should carefully consider the conflicts of interest described here and in the Agreement, as applicable.

### **Other Investment Accounts**

The Client understands that GJCM or Chen may take actions for their own accounts that differ from advice given to or action taken for the Client. GJCM is not obligated to buy, sell or recommend for the Client any security or other investment that GJCM or Mr. Chen may buy, sell or recommend for their own accounts. The Agreement does not limit or restrict in any way GJCM or Mr. Chen from buying, selling or trading in any securities or other investments for their own accounts.

Conflicts of interest may arise in the allocation of investment opportunities among accounts that GJCM advises. GJCM will seek to allocate investment opportunities believed appropriate for the Client’s account and other accounts advised by GJCM among such accounts equitably and in a manner consistent with the best interests of all accounts involved. But, there can be no assurance that a particular investment opportunity that comes to the attention of GJCM will be allocated in any particular manner.

To address the conflicts of interest posed by this type of trading, GJCM maintains the Code, as described above. Specifically, the Code requires that GJCM personnel obtain written pre-clearance for transactions that exceed a de minimis level. The Code also establishes minimum holding periods for such securities. Additionally, the Code requires access persons to submit transactions reports and initial and annual holding reports showing all transactions in which the person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in covered securities, with limited exceptions for securities such as shares of mutual funds not advised by GJCM. This enables GJCM to determine with reasonable assurance any indications of front-running or other appearance of a conflict of interest.

## **Item 12 – Brokerage Practices**

### **Brokerage Practices**

GJCM's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, GJCM recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. In determining whether a particular broker-dealer is likely to provide best execution, GJCM takes into account all factors that it deems relevant to the broker-dealer's execution capability.

### **Client-Directed Brokerage Transactions**

While GJCM generally requires clients to use Interactive Brokers, LLC as the custodian and broker for Managed Accounts, GJCM will accept in limited instances direction from Clients as to which broker-dealer is to be used. If the Client directs the use of a particular broker-dealer, GJCM asks that the Client also specify in writing (i) general types of securities for which a designated firm should be used and (ii) whether the designated firm should be used for all transactions, even though GJCM might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions.

Clients, who, in whole or in part, direct GJCM to use a particular broker-dealer to execute transactions for their accounts should be aware that, in so doing, such decision may adversely affect GJCM's ability to, among other things, obtain volume discounts on aggregated orders or to obtain best price and execution by, for example, executing over-the-counter stock transactions with the market makers for such securities. Additionally, as noted above, transactions for a client that directs brokerage are generally unable to be aggregated for execution purposes with orders for the same securities for other accounts managed by GJCM.

Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the aggregated order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if GJCM could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution. Consequently, best price and execution may not be achieved.

## **Item 13 – Review of Accounts**

### **Review of Accounts**

On a continuous basis, GJCM monitors and reviews portfolio activity in the Managed Accounts. Mr. Chen may employ various computer programs in conducting periodic account reviews which include monitoring for account restrictions, consistency with investment objectives and strategy descriptions. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Clients receive monthly accounts statements directly from the Custodian. GJCM urges clients to carefully review official custodial records.

Mr. Chen will meet with Clients upon request. Clients agree to a minimum of two (2) meetings yearly with Mr. Chen to review and discuss the Investment Management Services provided under the Agreement. Such meetings shall be scheduled to take place in person at a mutually convenient time and location and if both Mr. Chen and the Client agree, such meeting may be conducted by telephone.

Client understands and agrees that the Investment Management Services are a diversification opportunity for the Client's investment portfolio, not a complete investment program. There can be no assurance that GJCM will achieve the Client's investment objectives or avoid substantial losses. The Client should not engage GJCM with the expectation of sheltering income. Clients are urged to consult with their business, tax and legal advisers before engaging GJCM.

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

### **Brokerage for Client Referrals**

Presently, GJCM does not have any such referral arrangements. Should GJCM ever direct some Client brokerage business to brokers who refer prospective investors to GJCM, third parties will be compensated in accordance with Rule 206(4)-3 under the Investment Adviser's Act of 1940. Because such referrals, if any, are likely to benefit GJCM but will provide an insignificant (if any) benefit to the Client, GJCM will have a conflict of interest with the Client when allocating Client brokerage business to a broker who has referred investors to GJCM. To prevent Client brokerage commissions from being used to pay investor referral fees, GJCM will not allocate Client brokerage business to a referring broker unless GJCM determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Client.

## Item 15 – Custody

Custody of the Client's assets will be maintained at Interactive Brokers, LLC. The Client agrees to inform GJCM immediately if it is dissatisfied with GJCM's decisions or actions, or if it dissatisfied with Interactive Brokers, LLC's handling of the Investment Account. The Client will be solely responsible for paying all fees or charges of the Custodian. The Client authorizes GJCM to give the Custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Client. The Client shall pay all fees and expenses of the Custodian. All transactions will be consummated by payment to or delivery by, the Custodian, of all cash or securities due to or from the Investment Account.

GJCM shall at no time have custody or physical control of any of the Investment Account Assets and it is the responsibility of the Client to reach an agreement with the Custodian. GJCM shall instruct all brokers or dealers executing orders on behalf of the Investment Account to forward to the Custodian and the Client copies of all brokerage confirmations promptly after execution of transactions. GJCM shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the Custodian.

The term "Custodian" for purposes of this Agreement shall mean Interactive Brokers, LLC, or subject to the approval of GJCM, another financial institution designated by the Client in **Exhibit A** of the Agreement (the "**Custodian**"). The Custodian shall maintain assets of the Client in an account suitable for investing as determined by the Custodian (the "**Investment Account**") and as agreed to by GJCM in its sole and absolute discretion.

The Client shall cause the Custodian to accept instructions from GJCM to execute transactions for the Investment Account and to provide GJCM daily and monthly reports concerning the status of the Investment Account and such other information relating to the Investment Account or the Investment Account Assets as GJCM may from time to time request.

GJCM is deemed to have a form of custody of Client funds and securities whenever it is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody that GJCM will have over individual Client accounts.

## **Item 16 – Investment Discretion**

In its full and absolute discretion and without any obligation on its part to give prior notice to the Client, GJCM shall have sole, complete and full power and authority to invest and reinvest all of the Investment Account Assets in such securities as GJCM in its sole and absolute discretion shall consider to be in the best interest of the Client.

In connection therewith, GJCM shall have sole, complete and full power and authority to: (i) issue orders for the Managed Account to a broker or dealer; (ii) instruct the Custodian to exercise or abstain from exercising any option, privilege or right held in the Managed Account; (iii) monitor the correct collection of income on the Managed Account by the Custodian; and (iv) take any other action with respect to securities or other property in the Managed Account as needed to serve the best interest of the Client. GJCM shall further be free to make investment changes regardless of the resulting rate of portfolio turnover, when it, in its sole discretion, shall determine that such changes will promote the investment objective of the Managed Account.

## **Item 17 – Voting Client Securities**

The Client agrees that GJCM shall not have the authority or the responsibility to vote proxies on the Client's behalf for securities held in the Client's account. GJCM is authorized and directed to instruct the Custodian to forward promptly to the Client copies of all proxies and shareholder communications relating to securities held in the Client's account (other than materials relating to legal proceedings). The Client agrees that the GJCM will not be responsible or liable for any proxies where it or the Custodian has not received such proxies or related shareholder communications on a timely basis. GJCM shall not be required to advise the Client or act for the Client in any legal proceedings, including bankruptcies or class actions, involving securities held in the Client's account.

## **Item 18 – Financial Information**

Neither GJCM nor Mr. Chen have ever been the subject of a bankruptcy petition and currently neither is the subject of a bankruptcy petition.