

**Item 1 Cover Page**

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**This brochure provides information about the qualifications and business practices of Ruyi Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 668-0888 extension: 188. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

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

## **Item 2 Material Changes**

This is a new brochure.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was: This is a new Brochure.

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#### Brochure

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## **Item 4 Advisory Business**

### **A. Description of Advisor Firm.**

Ruyi Capital Management, LLC was formed in July 2011 to manage a private investment partnership, namely, Ruyi Capital Partners, L.P. (“Partnership”). The General Partner of the Partnership is Ruyi Capital GP, LLC (“General Partner”). The firm is seeking registration with the Securities and Exchange Commission (“SEC”) to also offer its advisory services to individuals interested in investing in separately managed accounts. The principal owners of Ruyi Capital Management, LLC are Ti Zhou, Managing Member, Dongliang Xu, Managing Member and Blue Umbrella Trust. The indirect owner of Blue Umbrella Trust is Sandy F. Yeh.

Both Ti Zhou and Dongliang Xu serve as Principals of the General Partner and Chief Investment Officers of the Investment Manager and will be responsible for the management of the Partnership’s portfolio. William C. Yeh is the Chairman of the Investment Manager and is responsible for the general guidance of the Investment Manager. In addition, he directs the Investment Manager’s marketing efforts and investor relations.

For a more complete description of the services offered, see the response to Item 4B below.

### **B. Description of Advisory Services Offered**

#### Investment Management Services to Ruyi Capital Partners, L.P.:

Ruyi Capital Management, LLC (“RCM” or “Advisor”) provides investment management services to Ruyi Capital Partners, L.P., (“Partnership”) an unregistered private investment partnership for which Ruyi Capital GP, LLC is the General Partner. Ti Zhou and Dongliang Xu are both Principals of Ruyi Capital GP, LLC.

The principal objective of the Partnership is to seek capital appreciation through using multiple quantitative trading and investing strategies. The Partnership seeks to achieve its objective by trading and investing in a broad range of securities and derivative instruments, such as equity and equity related securities, options and futures. The Partnership intends to utilize a highly leveraged portfolio in its investment program. Each quantitative trading and investment strategy is expected to maintain a low correlation to the others. The Partnership may modify, adjust, add and/or subtract trading strategies and systems from time to time; and may vary its level of allocation amount the strategies depending on market conditions, including reducing the exposure to any strategy to zero. The Partnership intends to invest in and sell long and short positions, held primarily short and medium term, of securities listed on the U.S. securities exchanges. The Partnership may also deploy similar trading systems and strategies to other geographies (i.e., securities listed on non-U.S. securities exchanges) and reserves the right to do so at any time.

#### Investment Management Services to Clients:

RCM also provides investment advisory services on a discretionary basis to its clients, which include individuals and corporations or business entities with separately managed accounts. The Advisor’s primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The Advisor may use any of the following: exchange listed securities,

over-the-counter securities, foreign securities, United States government securities, options in securities and commodities, and futures contracts on tangibles and intangibles to accomplish this objective. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

RCM will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services.

### **C. Clients Tailored Services and Client Imposed Restrictions**

For individual clients, RCM will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

### **D. Wrap Fee Programs**

RCM does not provide portfolio management services to wrap fee programs.

### **E. Assets Under Management**

As of the date of this Brochure, February 17, 2015, RCM manages approximately \$19,578,693 for Ruyi Capital Partners, L.P. However, as of that same date, RCM does not have any individual clients and therefore no individual client assets under management.

## **Item 5 Fees and Compensation**

### **A. & B. Method of Compensation and Fee Schedule and Client Payment of Fees**

#### Asset Management Fee for Advisor to Partnership

For the services RCM provides to the Partnership, the Advisor receives a management fee payable quarterly in advance. The management fee will be calculated based on the balance in each Limited Partner's capital account as of the beginning of each calendar quarter (prorated for periods of less than a calendar quarter). The Management Fee will be equal to 0.50% (approximately 2% per annum) of the balance in the capital account of each Limited Partner as of the beginning of the then current quarter (computed prior to the allocation of the performance allocation, as described below).

#### Asset Management Fee for Advisor to individual clients

Pursuant to an investment advisory contract signed by each client, the client will pay RCM a quarterly management fee, payable in advance, based on the value of portfolio assets of the account managed by the Advisor as of the opening of business on the first business day of each quarter. The quarterly asset management fee is 0.50% (approximately 2% per annum).

These fees may be negotiated by the Advisor, at the sole discretion of the Advisor. Asset management fees will be automatically deducted from the client account on a quarterly basis by the qualified custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a quarterly statement to the client outlining the fee calculation and the amount withdrawn from the client account.

#### **C. Additional Client Fees Charged**

All fees paid to RCM for investment advisory services are separate and distinct from the expenses charged by the custodian and executing broker-dealer. Client is responsible for all custodial, securities and brokerage execution fees charged by the custodian and executing broker-dealer.

#### **D. Prepayment of Client Fees**

RCM's management fee is payable in advance. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client.

#### **E. External Compensation for the Sale of Securities to Clients**

Not applicable to RCM or its supervised persons.

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

Qualified clients, as defined by Rule 205-3 of the Investment Adviser's Act, may enter into advisory agreements where RCM is entitled to a performance fee as part or all of its compensation. Qualified clients must meet the following requirements: (a) have at least \$1,000,000 under management with the adviser; or (b) have a net worth (together with assets held jointly with a spouse) of more than \$2,000,000 (excluding the person's primary residence) at the time the contract is entered into in order to enter into performance based compensation agreements with RCM. Suitability will be determined through due diligence inquiries determined to be appropriate in the circumstances by RCM. RCM, at its sole discretion, may reject any client application where the above financial standards are not met and/or where it reasonably believes the investor lacks the necessary financial sophistication, who purport to not fully understand RCM's method of compensation and the nature of its risks, or who are otherwise deemed to be unsuitable for such an arrangement.

RCM will receive a performance fee for management of the Partnership. The performance fee payable for any fiscal year is an amount equal to twenty percent (20%) of the excess net profits over net losses attributable to the Limited Partner's capital account during such fiscal year.

RCM will receive a performance fee for management of individual separately managed accounts. The performance fee is based upon any net profits obtained in the client's account for the calendar year. This fee will be equal to 20% of any gains in the client account during that period.

There is an inherent conflict of interest when a firm charges performance-based fees to some accounts and management fees based on a percentage of assets under management to other accounts, in that an advisor is incented to favor the accounts from which it will earn higher compensation. To mitigate this conflict, the firm provides its advisory services to all client accounts, including those clients who are not charged a performance fee. These services include evaluation of investor suitability and adhering to the investor risk profile when making investment decisions, client communications and account reviews that are the same for all clients, and availability by the firm and supervised persons to meet with clients as necessary. In addition, the firm maintains trading policies and a Code of Ethics that are intended to deliver consistency, that no one client is favored over another.

Another conflict of interest concerning accounts with performance-based fees is that the advisor is incented to use higher risk investments than called for by the client risk profile. Such investments may generate higher returns, which in turn would generate higher performance-based fees for the advisor. RCM has a fiduciary obligation to its clients to put the interest of their clients first over and above the interest of the firm and its supervised persons. In addition, RCM attempts to further mitigate this conflict by maintaining suitability and employing trading policies and procedures designed to assist the advisor in further meeting its fiduciary obligations to adhere to the client's agreed upon risk profile.

## **Item 7 Types of Clients and Minimum Account Size**

In addition to offering its services to the Partnership, RCM will also offer its services to individuals, corporations or business entities.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.

The Advisor's cumulative minimum account requirement for opening and maintaining a separately managed account is \$500,000. However, based on facts and circumstances RCM may, at its sole discretion, accept accounts with a lower value.

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

### **A. Methods of Analysis and Investment Strategies**

The Advisor will utilize quantitative strategies in formulating investment advice or managing assets for clients.

When applied directly to portfolio management, the goal of utilizing quantitative strategies is like any other investment strategy: to add value, alpha or excess returns. Quants, as the developers are called, compose complex mathematical models to detect investment opportunities. One of a quant investment strategy's best-selling points is that the model, and ultimately the computer, makes the actual buy/sell decision, not a human. This tends to remove any emotional response that a person may experience when buying or selling investments.

Quant models also open up variations of strategies like long, short and long/short. Successful quant funds keep a keen eye on risk control due to the nature of their models. Most strategies start with a universe or benchmark and use sector and industry weightings in their models. This allows the funds to control the diversification to a certain extent without compromising the model itself. Quant funds typically run on a lower cost basis because they don't need as many traditional analysts and portfolio managers to run them.

While a strong quant team will be constantly adding new aspects to the models to predict future events, it's impossible to predict the future every time. Quant funds can also become overwhelmed when the economy and markets are experiencing greater-than-average volatility. The buy and sell signals can come so quickly that the high turnover can create high commissions and taxable events. Quant funds can also pose a danger when they are marketed as bear-proof or are based on short strategies. Predicting downturns, using derivatives and combining leverage can be dangerous.

The investment strategies RCM will implement may include long term purchases of securities held at least for one year; short term purchases for securities sold within a year; trading of securities sold within 30 days, short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies.

*Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.*

## **B. Investment Strategy and Method of Analysis Material Risks**

The methods of analysis and investment strategies followed by RCM are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

## **C. Security Specific Material Risks**

The Advisor does not primarily recommend a particular type of security.



Every type of investment, involves risk. Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. Generally speaking, risk and potential return are related. This is the risk/return trade-off. Higher risks are usually taken with the expectation of higher returns at the cost of increased volatility. The school of thought when investing suggests that the longer your investment time horizon is the less affected you should be by short-term volatility. Therefore, the shorter your investment time horizon, the more concerned you should be with short-term volatility and higher risk.

Below is a list of some of the risks to consider when investing.

#### Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds may underperform in comparison to the general securities markets or other asset classes.

#### Concentration Risk

To the extent that RCM recommends portfolio allocations that are concentrated in a particular market, industry or asset class, your portfolio may be susceptible to loss due to adverse occurrences affecting that market, industry, or asset class.

#### Equity Securities Risk

Equity securities are subject to changes in value that may be attributable to market perception of a particular issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments.

#### Growth Securities Risk

Growth companies are companies whose earnings growth potential appears to be greater than the market, in general, and whose revenue growth is expected to continue over an extended period. Stocks of growth companies or “growth securities” have market values that may be more volatile than those of other types of investments. Growth securities typically do not pay a dividend, which may help cushion stock prices in market downturns and reduce potential losses.

#### Issuer Risk

Your account’s performance depends on the performance of individual securities in which your account invests. Any issuers may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, or other factors. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

#### Management Risk

The performance of your account is subject to the risk that our investment management strategy may not produce the intended results.

#### Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security may decline due to general

market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected.

#### Market Trading Risks

Your investment account faces numerous market trading risks, including the potential lack of an active market for investments held in your account and losses from trading in secondary markets.

#### Passive Investment Risk

RCM may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

#### Larger Company Securities Risk

Securities of companies with larger market capitalizations may underperform securities of companies with smaller and mid-sized market capitalizations in certain economic environments. Larger, more established companies might be unable to react as quickly to new competitive challenges, such as changes in technology and consumer tastes. Some larger companies may be unable to grow at rates higher than the fastest growing smaller companies, especially during extended periods of economic expansion.

#### Leverage Risk

Certain transactions may give rise to a form of leveraging, including borrowing. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward-commitment transactions. The use of derivatives may also create leverage. The use of leverage may cause a portfolio to liquidate portfolio positions when it may not be advantageous to do so. Leveraging may make a portfolio more volatile than if the portfolio had not been leveraged. This is because leverage tends to increase a portfolio's exposure to market risk, interest rate risk or other risks by increasing assets available for investment.

#### Option Trading Risk

There are multiple risks associated with options transactions, in particular, uncovered options transactions. Investors who buy options may lose the premium paid, plus commissions or any other transaction expenses. Writing options generates higher risks than buying options. Writing options involves margin trading, creating leverage risk. The seller of an option has a legal obligation to purchase or sell the underlying asset if the option is exercised, subjecting the seller to the risk of price movement of the underlying asset. The risk of writing covered call options (the seller of the option already owns the underlying asset) is limited. However, writing uncovered options is highly risky and speculative. Writing uncovered call options (the seller of the option does not own the underlying asset) can lead to unlimited losses.

#### Liquidity Risk

A security may not be able to be sold at the time desired without adversely affecting the price.

#### Regulatory Risk

Changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

#### Smaller Company Securities Risk

Securities of companies with smaller market capitalizations, historically, tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

#### Value Style Investment Risk

Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks may be purchased based upon the belief that a given security may be out of favor. Value investing seeks to identify stocks that have depressed valuations, based upon a number of factors which are thought to be temporary in nature, and to sell them at superior profits when their prices rise when the issues which caused the valuation of the stock to be depressed are resolved. While certain value stocks may increase in value more quickly during periods of anticipated economic upturn, they may also lose value more quickly in periods of anticipated economic downturn. Furthermore, there is a risk that the factors which caused the depressed valuations are longer term or even permanent in nature, and that there will not be any rise in value. Finally, there is the increased risk in such situations that such companies may not have sufficient resources to continue as ongoing businesses, which would result in the stock of such companies potentially becoming worthless.

#### Derivatives Risk

The use of derivatives such as futures, options, and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

#### Small Firm Risk

We are reliant on research from Wall Street's leading firms—including hedge funds—to help us in our investment decisions. In addition, we do not have the financial resources that other, larger firms have to invest in market data systems or industry consultants to provide insight on specific companies or industries in which we may invest.

### **Item 9 Disciplinary Information**

Clients should be aware that neither RCM nor Ti Zhou or Dongliang Xu has had any legal or disciplinary events, currently or in the past.

On May 15, 2012, Genesis Securities, LLC ("Genesis") and William C. Yeh settled an enforcement action commenced by FINRA (Disciplinary Proceeding No. 2009021082501) with respect to an investigation made into Genesis' and Mr. Yeh's sponsorship and supervision of master account/sub-account trading arrangements that, as FINRA believed, (a) Genesis and Mr. Yeh had inadequately supervised (b) raised the potential for significant abusive or manipulative

trading practices by sub-account day traders, and (c) did not adequately implement anti-money-laundering procedures. No customers of Genesis were alleged to have been injured by the above potential regulatory issues. The settlement offer accepted by FINRA was for no fine; and included Genesis' permanent expulsion and Mr. Yeh's permanent bar, from FINRA. On December 15, 2011, Mr. Yeh voluntarily withdrew Genesis from registration with the Securities and Exchange Commission as a broker dealer. As of the date of this Brochure, Genesis and Mr. Yeh have not been subject to any further investigations or actions taken by any government agencies, self-regulatory organizations or customers in connection with Genesis-related activities. Although Mr. Yeh agreed to refrain from brokerage business and not associate himself with a broker dealer (e.g. not working for a broker dealer), legal counsel for Mr. Yeh asserted, in a due diligence letter, that Mr. Yeh is free to conduct other business in the financial industry. Inquiries relating to this matter should be directed to the Investment Manager.

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

### **A. Broker-Dealer or Representative Registration**

RCM is not a broker-dealer nor are any of its management persons registered representatives of a broker-dealer.

### **B. Futures or Commodity Registration**

RCM does not have an application pending as a futures commission merchant, commodity pool operator, or a commodity trading advisor, or as an associated person of the foregoing entities. Rather, RCM has filed a Notice of Claim pursuant to Commodity Futures Trading Commission Regulation 4.14(a)(8)(i)(D). Claiming an exemption from registration as a Commodity Pool Operator ("CPO") under 4.13(a)(3) or 4.13(a)(4) or if registered as a CPO, who may treat each pool it operates that meets the criteria of 4.13(a)(3) or 4.13(a)(4) as if it were not so registered. RCM will provide commodity interest advice to its clients in accordance with the criteria of the above sub-section(s). RCM provides commodity interest trading advice solely incidental to its business of providing securities or other investment advice to qualifying entities, collective investment vehicles and commodity pools and is not otherwise holding itself out as a Commodity Trading Advisor.

Ruyi Capital GP LLC filed a Notice of Claim pursuant to Commodity Futures Trading Commission Regulation 4.13, naming the pool for which is claiming exemption, Ruyi Capital Partners L.P. and has filed a Notice of Exemption pursuant to Regulation 4.13(a)(3) and will operate Ruyi Capital Partners L.P. in accordance with the criteria of such paragraph.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Ti Zhou and Dongliang Xu are both Chief Investment Officers/Managing Members of Ruyi Capital Management, LLC. William C. Yeh is the Chairman of Ruyi Capital Management, LLC. Ruyi Capital Management, LLC is the investment advisor to the Partnership, Ruyi Capital Partners, L.P. Ruyi Capital GP LLC is the General Partner of the Partnership. Mr. Zhou and Mr. Xu are Principals of Ruyi Capital Partners, L.P.

RCM, Ti Zhou and Dongliang Xu have a relationship with a pooled investment vehicle. RCM, Ti Zhou and Dongliang Xu will receive a fee through this relationship. This creates a conflict of interest. RCM, Ti Zhou and Dongliang Xu address this conflict of interest by disclosing to its clients prior to initiating any transactional related business or issuing shares in a pooled investment vehicle that by utilizing RCM, Ti Zhou and/or Dongliang Xu in this capacity the client will incur additional expenses. Those expenses are explained to the client in advance of offering these services.

William C. Yeh is the founder and principal of Singularity Technology Solutions, LLC (“STS”), a New York based financial technology firm established in 2009 that develops trading platform technology. STS owns and licenses a trading platform currently used by RCM to trade and invest the Partnership assets. STS is actively managed by Mr. Yeh and offers the STS Platform to customers other than the Partnership. STS currently charges the Partnership a fee for use of the STS Platform. Conflicts may arise with respect to the time spent by Mr. Yeh on STS activities in contrast to Partnership activities. Also, it should be noted that Mr. Yeh receives a financial benefit from the Partnership’s payment of fees to STS.

#### **D. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest**

RCM does not recommend or select other investment advisers for clients.

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

#### **A. Code of Ethics Description**

RCM is registering with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. RCM has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of RCM deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of RCM are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. RCM collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. RCM maintains a code of ethics and they will provide a copy to any client or prospective client upon request.

#### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

RCM may offer information to current clients about the Partnership, Ruyi Capital Partners, L.P. if they meet qualified investor standards. RCM principals, related persons, representatives and employees may be currently invested in the Partnership. The receipt of additional compensation by the RCM principals, related persons, representatives or employees creates a conflict of interest. If client elects to purchase an interest in the limited partnership, RCM will disclose all fees the client will pay, in advance.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

RCM and/or its related persons may from time to time purchase or sell products that they may recommend to clients. This practice could present a conflict where, because of the information the Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g. place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related person may also harm clients by adversely affecting the price at which the clients' trades are executed. To mitigate this conflict, RCM and/or its related persons have a fiduciary duty to put the interests of their clients ahead of their own.

### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

See the response to Item 11C above.

## **Item 12 Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

RCM does not select or recommend broker-dealers for client transactions.

### **Research and Other Soft Dollar Benefits.**

RCM may receive proprietary research services or other products as a result of utilizing a particular broker which may result in the client paying higher commissions than those obtainable through other brokers. If RCM does receive such products or services, it will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934 or applicable state securities rules.

The firm seeks to obtain the most favorable net results for clients' price, execution quality, services and commissions. Although the firm seeks competitive commission rates, it may pay commissions on behalf of clients which may be higher than those available from other brokers in order to receive other services. The firm may enter into such transactions so long as it determines in good faith that the amount of commission paid was reasonable in relation to the value of the brokerage and research services provided by the broker. The services that may be considered in this determination of reasonableness may include (1) advice, either directly or through publications or writing, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or (3) effecting securities transactions and performing functions incidental thereto. Such research furnished by broker-dealers may be used to service any or all of RCM's clients and may be used in connection with accounts other than those that pay commissions to the broker-dealers providing the research. In

particular, third-party research provided by broker-dealers may be used to benefit all of the firm's clients. This creates a conflict of interest in that the firm has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution.

### **Brokerage for Client Referrals.**

RCM does not receive client referrals from any broker-dealer or third party.

### **Directed Brokerage.**

RCM requires that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The client will provide authority to RCM to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, RCM has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. RCM's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. RCM may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

### **If the firm permits a client to direct brokerage, describe your practice.**

Not applicable to RCM.

### **B. Aggregating Securities Transactions for Client Accounts**

RCM may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of RCM's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or

sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. RCM may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Item 13 Review of Accounts**

**A. Indicate whether your firm periodically reviews client accounts or financial plans. If you do, describe the frequency and nature of the review and the titles of the supervised persons who conduct the review.**

Investment advisory client accounts are monitored on a monthly basis. Client accounts are reviewed by Ti Zhou, Managing Member. The nature of the review is to determine if the client account is still in line with the client's stated objectives.

The client is encouraged to notify the Advisor if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

**B. If the firm reviews client accounts on other than a periodic basis, describe the factors that trigger a review.**

See the response to Item 13A above.

**C. Describe the content and indicate the frequency of regular reports the firm provides to clients regarding their accounts. State whether these reports are written.**

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from asset managers, trust companies or other custodians, broker-dealers and others who are involved with client accounts.

RCM will not provide written reports to clients.

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

**A. Economic Benefits Provided to the Advisory Firm From External Sources and Conflicts of Interest**

See the response to Item 14B below.

**B. Advisory Firm Payments for Client Referrals**



For the Partnership, RCM has relationships for client referrals in compliance with the Adviser's Act. The fees paid to referral sources do not affect the fees clients pay to RCM. However, RCM does not have any such arrangements in place for client referrals for its advisory services to individuals for separately managed accounts.

### **Item 15 Custody**

The client will receive written statements no less than quarterly from the custodian. RCM encourages clients to carefully review their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm's attention.

### **Item 16 Investment Discretion**

RCM has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by RCM.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by RCM will be in accordance with each client's investment objectives and goals.

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

RCM will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, RCM cannot give any advice or take any action with respect to the voting of these proxies. The client and RCM agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

### **Item 18 Financial Information**

#### **A. Balance Sheet**

RCM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

#### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

RCM has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If RCM does become aware of any such financial condition, this brochure will be updated and clients will be notified.

**C. Bankruptcy Petitions During the Past Ten Years**

Not applicable to RCM.