

# Investment Adviser Brochure

## Form ADV Part 2

Caigin International LLC  
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Chaoyang District, Beijing, P.R.C

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This brochure provides information about the qualifications and business practices of Caigin International LLC. If you have any questions about the contents of this brochure, please contact us at Building #4 Time International, Room 901, Chaoyang District, Beijing, P.R.China or email address [zhen.wang@caigin.com](mailto:zhen.wang@caigin.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. Registration with the United States Securities and Exchange Commission does not imply that Caigin International LLC has a certain level of skill or training.

Additional information about Caigin International LLC also is available on our website at [www.caigin.com](http://www.caigin.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search the site for registered investment advisors by an identifying number known as an IARD number. The IARD number for Caigin International LLC is 282240.

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# Advisory Business

- A. *Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).*

Caigin International LLC is (“Caigin” or “we”) an Investment Advisory firm established in 2015. The sole member of Caigin International LLC is Caigin International (HK) Limited, a company in Hong Kong. Caigin International (HK) Limited is 100% owned by Caigin International Ltd (Shanghai), which is in turn 100% owned by Xi Shao, an individual with residence in P. R. China. Caigin International Ltd (Shanghai), Caigin International (HK) Limited and Caigin International LLC are collectively referred as “Caigin Group”.

- B. *Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.*

We offer an algorithm-based automated investment advisory service for individual investors. We develop state-of-the-art algorithms that are based on modern portfolio theory and can provide tailored investment advice that are consistent with investors’ investment objectives, risk profiles and constraints. Our services offer tailored investment advice by identifying:

- 1) The optimal asset classes that each client wants to invest in;
- 2) The Exchange-Traded Funds (ETFs), public company stocks or other investments that:
  - a) the client is interested in;
  - b) fit the client’s situations;
  - c) efficiently represent the asset classes;
- 3) The optimal portfolio of asset-class mix that is customized to the client’s risk profile and financial status as well as investment constraints;
- 4) The appropriate frequency to rebalance the client’s portfolio to maintain the intended investment objectives and risk tolerance considering the portfolio underlying securities and client’s investment horizon;

We provide non-discretionary advisory services with primary focus on ETFs and public company stocks listed in the United States. In the future, we may also recommend our own investment products such as Fund of Funds (referred as “FOF products” hereafter, please refer to “*Methods of Analysis, Investment Strategies and Risk of Loss*” for details). In the near term, we may include such non-purchasable FOF products in our advices for the purpose of showing their performance on paper. We will only recommend our FOF products if a client is an “accredited investors” under Regulation D of the U.S. Securities Act of 1933, as amended.

- C. *Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*

Our automated intelligent advisory service provides tailored investment advices that are consistent with investors’ investment objectives, risk profile and constraints. Based on

academic behavioral research and acknowledged industrial practice, we put together a list of questions to evaluate each client's objective capability and subjective willingness to take risk. The final risk profiling of the client is summarized in a conservative way towards lower risk tolerance. A client can freely choose from the list of ETFs and public company stocks we selected that most efficiently represent their asset classes or of greatest clients' interest with minimum number of securities of five and maximum number of ten and construct their own portfolios. The final risk evaluation results are then used in optimizing the client-constructed portfolio to achieve the target objectives and risk tolerance. Further details are elaborated below in "*Methods of Analysis, Investment Strategies and Risk of Loss*".

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.*

We do not plan to offer wrap fee program.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.*

We do not manage client's assets directly and have no discretion over the assets of the clients.

# Fees and Compensation

- A. *Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.*

We make investment recommendations to our clients as well as broker/dealer recommendations after full disclosures. Currently we do not charge any fees or receive any compensation from brokers-dealers. However, depending on the services provided in the future, there is a possibility that we may start to charge our clients fee for our services.

- B. *Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.*

Please see our response in “*Fees and Compensation*” section A.

- C. *Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.*

Neither Caigin nor its employees receive any direct or indirect compensation from clients or relating to the securities or investments that are purchased or sold by the clients. However, clients may pay other fees or expenses to third parties. The issuer of some of the securities or investment products that our advices are based on, such as ETFs or other financial securities, may charge product fees that affect clients. ETF normally includes embedded expenses that may reduce the net market value of client investments, and therefore can compromise the performance of our advised portfolios and further affect the comparison of our advised portfolio performance with a benchmark. Expenses of investing in an ETF could include management fees, custodian fees, brokerage commissions, legal and accounting fees (see “*Brokerage Practices*” below for details). Further, ETF expenses may change at the sole discretion of the ETF issuer from time to time. We disclose to each client of the current information of each recommended ETF, including expenses, together with its advisory services.

- D. *If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.*

Please see our response in “*Fees and Compensation*” section A.

- E. *If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.*

While we carefully review and select brokers-dealers before we recommend any broker-dealer to our clients (see “*Brokerage Practices*” below for details), we and our employees do not receive any compensation from the recommended brokers-dealers for executing our clients’ trades. We will only recommend our FOF products only if we consider it to be in the best interest of a client. For example, we will recommend our FOF products if we think it will improve the client portfolio performance under the market conditions at the time. In the near term, we do not expect to sell our FOF products to our clients and our FOF products are solely for building the paper performance record of our own FOF selection, construction and optimization algorithm. In the future when the FOF products are available for clients to subscribe or purchase, we may start to charge a one-time subscription fee (a.k.a. “front-end load”), management and performance fees from managing client assets in the FOF products.

1. *Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client’s needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.*

Clients are encouraged to trade with our recommended brokers-dealers. We perform careful selection of brokers-dealers to recommend to our clients and we do not receive commission from our recommended broker-dealers (please refer to “*Brokerage Practices*” for details).

However, while we carefully select efficient and well-performing underlying investment products given the investment goals and adopt an in-house intelligent optimizer to determine the optimal mix to construct each FOF product (Further details are elaborated below in “*Methods of Analysis, Investment Strategies and Risk of Loss*”), we may have an incentive to recommend the FOF products because of the potential compensation. Currently, the FOF products are only “paper portfolios” and are intended to build the paper performance record of our own FOF selection, construction and optimization algorithm. Clients can obtain more information about the disclosure as well as the fee structure arrangements of our FOF products on our website at [www.caigin.com](http://www.caigin.com).

2. *Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.*

Clients do not necessarily use our recommended brokers-dealers to trade and are free to use any other brokers or agents they prefer.

3. *If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.*

Not applicable

4. *If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.*

We do not charge advisory fees.

# Performance-Based Fees and Side-by-Side Management

*If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.*

As disclosed above (“Fees and Compensation”), we currently do not charge performance-based fees.



# Types of Clients

*Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.*

We provide investment advices only to individuals and do not directly manage clients' assets. Thus our clients do not have to open any financial/fund accounts with us. We do not have discretion over clients' assets and thus do not have requirements for opening or maintaining an account, such as a minimum account size. However, the brokers-dealers (whether recommended by us or chosen independently by clients) may have their own minimum account size requirements.

Clients are required to register with Cagin. We collect information about clients' risk preference and financial status to provide customized financial advisory services. We do not share client information with other portfolio managers with respect to our financial advisory services.

# Methods of Analysis, Investment Strategies and Risk of Loss

- A. *Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.*

The formation of an investment advice is based on Modern Portfolio Theory (MPT). For a given set of underlying assets, MPT formulates portfolio that are broadly diversified to maximize return for the risk taken, based on underlying investments' historical returns, risks and between-asset correlations. The proportions of the underlying assets are optimized, and we try to maximize a portfolio's risk-adjusted return, i.e. maximize expected return given the amount of portfolio risk, or equivalently minimize risk for a given level of expected return. MPT-based financial advisory services are commonly used in private banking to service high-end clients. However, Caigin takes a unique position to automate the process and aims at providing the general public with this portfolio optimization technique and the benefits of MPT in investments.

We have adopted the following steps to construct our investment advices:

- 1) An investor is profiled with a questionnaire to determine his/her risk tolerance as well as his/her financial status. We “manage” the risk by working with the client to define:
  - a. How much risk is needed to accomplish client objectives – required risk;
  - b. How much risk can the client afford to take – risk capacity;
  - c. How much risk does the client prefer to take – emotional tolerance;
- 2) We select asset classes for investments and the ETFs and public company stocks that most efficiently represent each asset class. We look for ETFs that also minimize cost, tracking error and provide sufficient market liquidity. We also limit our selections of public companies to well-known large-cap companies with very high liquidity and transparency. We may also recommend our FOF products that are constructed using our product selection model and intelligent portfolio optimizer. We collect and maintain a large database of about 320,000 various securities and investment vehicles with lower liquidity globally. We have developed in-house security selection model considering historical performance, benchmarks, peer comparison and independent ratings. The consistently best performing securities, including stocks, hedge funds and mutual funds, etc., are selected and monitored in a regular basis. Our FOF products are constructed with these selected investment products to achieve the goal of low correlation to the market and superior return. We believe that including these optimized FOF products can further diversify the portfolio risk and enhance the expected return, thus might include such “paper portfolios” in our advices;
- 3) A client can freely choose from the pool of our selected ETFs and public company stocks with a minimum number of securities of five and maximum number of ten and construct his/her own portfolio. An optimized mix of the chosen securities is recommended to the investor based on his/her profiling and financial status using Mean-Variance

Optimization technique to achieve the benefits of MPT. Mean-variance optimization (MVO) is a quantitative tool widely used by asset managers and financial advisors to construct portfolios and is based on the pioneering work of modern portfolio theory by Harry Markowitz, the Nobel Prize-winning economist. With the employment of the constrained optimization techniques on multiple assets, every investor will be advised to diversify the risk and hold the portfolio with the highest expected return given that investor's chosen level of risk (i.e. return variance);

- 4) Clients receiving the advice can trade online in their brokerage accounts through our platform if they link their accounts to our platform. We do not perform any discretion over client assets and only facilitates clients execution process with their brokers-dealers.

Our methodology encourages clients to diversify their holdings, for strong and steady long-term returns that are higher than typical bank interest rates and lower in volatility than the equity market. We continuously monitor the clients' portfolios as well as the market movements. We also periodically rebalance the portfolios back to the clients' target in order to optimize returns for the intended level of risk.

Return volatility and risk are inherent to investing. We cannot guarantee any level of performance and investments made based on our advices involves risk of loss that clients should be prepared to bear.

*B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.*

Low trading frequency and volume are inferred in this strategy. Our portfolio optimization recommendation and historical performance are no guarantee for future return and investors may suffer loss from investments.

Since we recommend ETFs, large-cap public company stocks and FOF products to our clients, the followings risks are most relevant to the strategy formation process and investment outcome and should be carefully evaluated before making an investment. Clients should be aware that the following does not intend to identify all possible risks of an investment or provide a full description of the identified risks.

- a) **Model risk:** the risk arises from both ETF selections and portfolio optimization, i.e. our judgements and investment advices do not necessarily produce the expected performance results. Our strategy may fail and a client's investment objectives may not be achieved, especially under stressed market conditions. Modern Portfolio Theory is built on the assumption that historic relationships between investments remain relatively constant over time. Our strategy involves using historical data to evaluate future probability of both volatility and correlation, and more volatility can occur if these relationships prove to be incorrect or change over time.
- b) **Advisory System Risk:** It is possible that we may experience both software and hardware computer failures and impairs clients' access to our advisory services. We are not responsible for any client losses incurred.

- c) **Market risk:** all investments bear varying level of market risk and their prices. The price of any asset class and securities can decline in response to changes in market conditions, and thus negatively impact the performance of clients' portfolios if it is included;
- d) **Currency risk:** Certain ETFs and FOF products may contain securities that are denominated in a foreign currency other than US dollars. The same can also be true for certain public company stocks, especially if they are not listed within US. The performance of such securities may be compromised by adverse fluctuations in foreign currency values, and unfavorable political, economic and social changes in foreign countries;
- e) **Liquidity risk:** lack of active trading markets for a security may put a client at a disadvantage time or price in selling his/her securities, thus the client's investment objectives may not be achieved. We carefully evaluate each of the ETF securities and large-cap stocks we recommend to clients and tries to select those that are both efficient and liquid. As described above, though we are endeavored to mitigate the potential risk by choosing more liquid securities than their peers and holding a certain level of cash for clients' timely redemptions, our FOF products may still involve significant liquidity risk since they are constructed using investment vehicles of generally lower liquidity;
- f) **Legislative and tax risk:** the performance of Caigin's strategy can be impacted by government regulation, legislative and tax obligations.
- g) **Tracking Error and Net Asset Valuation Error:** The performance of ETFs may not exactly match the performance of the index/benchmark that the ETF is designed to track. This is because ETF incurs expenses and transaction cost that are not taken into account when calculating the performance of the index/benchmark. Supply and demand in the market can also cause the ETF to trade at either premium or discount to the actual net asset value of the securities that consist of the ETF. Certain ETFs and the FOF products may contain illiquid or foreign securities, of which market valuations can be limited or inaccurate.

*C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.*

None

# Disciplinary Information

*If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.*

*Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.*

*Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.*

- A. *A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person*
- 1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;*  
  
*None*
  - 2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;*  
  
*None*

3. *was found to have been involved in a violation of an investment-related statute or regulation;  
or*

None

4. *was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment- related activity, or from violating any investment-related statute, rule, or order.*

None

- B. *An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person*

1. *was found to have caused an investment-related business to lose its authorization to do business; or*

None

2. *was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority*  
*(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;*

None

- (b) barring or suspending your firm's or a management person's association with an investment-related business;*

None

- (c) otherwise significantly limiting your firm's or a management person's investment- related activities; or*

None

- (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.*

None

- C. *A self-regulatory organization (SRO) proceeding in which your firm or a management person*
1. *was found to have caused an investment-related business to lose its authorization to do business; or*

None

2. *was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.*

None

# Other Financial Industry Activities and Affiliations

- A. *If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.*

None

- B. *If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.*

None

- C. *Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.*

1. *broker-dealer, municipal securities dealer, or government securities dealer or broker*

None

2. *investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)*

None

3. *other investment adviser or financial planner*

None

4. *futures commission merchant, commodity pool operator, or commodity trading advisor*

None



5. *banking or thrift institution*

None

6. *accountant or accounting firm*

None

7. *lawyer or law firm*

None

8. *insurance company or agency*

None

9. *pension consultant*

None

10. *real estate broker or dealer*

None

11. *sponsor or syndicator of limited partnerships*

None

D. *If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.*

None

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

- A. *If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.*

Caigin has a fiduciary duty to all clients and has a responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of the clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. Caigin requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Caigin recognizes that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not impair the interest of any client. At the same time, Caigin believes that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities so that the interests of both sides can be correctly aligned.

Therefore, to prevent conflicts of interest, Caigin has in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by its members, officers and employees for their personal accounts. In order to monitor compliance with the personal trading policy, Caigin has a quarterly securities transaction reporting system for all of our associates.

Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Caigin requires that both the firm and its supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect the fiduciary duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Caigin recommends FOF products if client situations are appropriate and Caigin thinks the investment could improve the client portfolio performance. In the near term, the FOF products are solely for building the paper performance record of Caigin's own FOF selection, construction and optimization algorithm, thus are not purchasable. Currently, Caigin does not receive any compensation from recommending the FOF products.

Because of the potential compensation from the sales and managing client assets in the FOF products when they are available for purchase, Caigin adopts a three-step procedure to minimize the conflict of material financial interest:

- 1) Caigin collects clients information and financial status to try to identify whether and which type of FOF products are appropriate;

- 2) Caigin carefully selects efficient and well-performing underlying investment products given the investment goals and adopts an in-house intelligent optimizer to determine the optimal mix to construct each FOF product;
- 3) Caigin acts in its fiduciary duty in the entire advisory service and fully discloses the fee structure arrangements to clients both at present and in the future when FOF products are available for purchase and client purchase intentions are received. Such disclosure can also be obtained on our website at [www.caigin.com](http://www.caigin.com).
- 4) Clients have no obligations to purchase the FOF products and have the full flexibility to choose to fully replicate or partially follow Caigin's advices including those on the FOF products, though the advice in its entirety are strongly suggested. Caigin's investment advisory service does not have discretion over client assets and will not enforce clients to follow our advices to buy or sell securities.

Related persons of Caigin may buy or sell securities and other investments that are consistent with the firm's advices and recommendations to clients. To minimize this conflict of interest, Caigin's related persons shall place client interests ahead of their own interests and adhere to the Code of Ethics. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

- B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

Please see our responses under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" section A.

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.*

Please see our responses under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" section A.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

Please see our responses under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" section A.

# Brokerage Practices

- A. *Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

We consider factors of both the execution quality and the business qualifications of the brokers and looks for best overall executions to recommend to our clients. Factors considered in our selection of brokers-dealers include execution capability, reliability, accuracy, speed, cost, efficiency and other services provided such as client margin terms. In determining the reasonableness of broker-dealers' compensation, we also consider qualifications that include brand name, costs compared to other brokers-dealers, integrity, extra services provided and other factors.

We carefully evaluate the brokers-dealers in consideration of the best overall execution before we recommend the appropriate brokers for our clients. However, using our recommended brokers-dealers may not achieve the most favorable execution of client transactions, and there is no assurance that the most efficient executions can be obtained. We make recommendations, but do not require our client to execute their orders through our recommended brokers-dealers. We do not receive any direct or indirect compensation from such recommendations.

Further, we do not aggregate client orders and each of our clients executes trades in his/her own brokerage account and is free to use brokers-dealers other than those recommended by us. Therefore, each client will bear his/her own transaction cost and consequently might not be able to achieve the most favorable economic efficiency and best execution.

1. *Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.*

We do not receive any research or other soft dollar benefits.

- a. *Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.*

Not applicable

- b. *Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.*

Not applicable.

- c. *If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.*

Not applicable

- d. *Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.*

Not applicable

- e. *Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.*

Not applicable

- f. *Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.*

Not applicable

2. Brokerage for Client Referrals. *If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.*

- a. *Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.*

Please see our response in “*Brokerage Practices*” section A.

- b. *Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.*

Not applicable

3. Directed Brokerage

- a. *If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.*

Please see our response in “*Brokerage Practices*” section A.

- b. *If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.*

Please see our response in “*Brokerage Practices*” section A.

- B. *Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.*

Please see our response in “*Brokerage Practices*” section A.

# Review of Accounts

- A. *Indicate whether you periodically review 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.*

Our automated investment tools are designed and intended for clients to use for periodically review their accounts and performance. Since a portfolio created by MPT-based techniques drifts out of its optimal allocations over time, our algorithm advisory robots continuously monitor and review client accounts and make suggestions so that client portfolios can maintain the intended risk and investment objectives. The Chief Compliance Officer with the help of other supervised persons will conduct and supervise the individual reviews.

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

Triggered by certain investment activities or material changes, our personnel carry out limited non-periodic individual reviews of client accounts to ensure proper suggestions are made and required regulations are met for the client.

Further, we conduct non-periodic separate reviews related to the securities to recommend and used for client portfolios. These reviews are initiated and approved by Investment Committee to take actions, such as the removal, addition or replacement of securities, on the security pool, from which clients choose to construct their portfolios.

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

We contact each client through emails to remind them to review and update their account information on a quarterly basis. These email reminders also include a secure link to the client's portfolio status as well as profile information including current contact information.

# Client Referrals and Other Compensation

- A. *If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.*

Because of the potential compensation from the sales and managing client assets in the FOF products when they are available for purchase in the future, we adopt a three-step procedure to minimize the conflict of material financial interest. Please refer to Item “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” for details.

- B. *If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.*

We do not have any arrangement or compensate for client referrals.



# Custody

*If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.*

We do not have custody of client funds or securities.

# Investment Discretion

*If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).*

We do not have discretion over client assets.

# Voting Client Securities

- A. *If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.*

We do not have and will not accept authority to vote client securities.

- B. *If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.*

We do not accept authority to vote client securities and do not provide opinions on a particular solicitation. Since we do not have discretion over client assets, clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

# Financial Information

- A. *If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.*
- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.*
  - 2. Show parenthetically the market or fair value of securities included at cost.*
  - 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.*

We do not receive any compensation from clients in the near term. In the future, we may charge service fee but will not require or solicit prepayments.

- B. *If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.*

Please see our response in "Financial Information" section A.

- C. *If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.*

Please see our response in "Financial Information" section A.

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# **Form ADV Part 2B**

## **Client Brochure Supplement**

Caigin International LLC  
Building #4 Time International, Room 901,  
Chaoyang District, Beijing, P.R.C

December 22, 2015

**This Brochure Supplement provides information about certain Caigin employees listed below that supplements the Caigin Brochure you should have received above. If you have any questions about the contents of this brochure, please contact us at [service@caigin.com](mailto:service@caigin.com) or at (+86) 10 5712 1153. Additional information about Caigin is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Caigin's non-discretionary investment advice is provided by a team comprised of more than three Supervised Persons, and Caigin has provided group supplementary information below for the three Supervised Persons with the most significant responsibility for the day-to-day advice provided to Clients.**

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## **Xin Ye, Chief Executive Officer, Born 1983**

### Education

BS, Tsinghua University, China, 2006

MS, Tsinghua University, China, 2006

### Professional designations held

CFA

### Business Background

2012-2015: Assistant general manager of Innovation Finance, Guosen securities co., LTD, Beijing

2010-2012: Investment manager, International far eastern leasing co., LTD, Shanghai

2009-2010: Management Trainee, Sinochem Group

Has a broad knowledge and skills of the investment business with primary emphasis on investments, banking, structured products, asset backed finance, deal sourcing, project management and industry research.

### Disciplinary Information

None

### Other Business Activity

Mr. Ye is serves as the Chief Executive Officer of Beijing Caigin International LTD.

### Additional Compensation

None

### Supervision

Mr. Ye serves as the Executive Officer of Caigin International LLC, and as such is not subject to additional supervision.

## **Zhen Wang, Chief Compliance Officer, born 1984**

### Education

BS, Tsinghua University, China, 2006

PhD, Cornell University, 2014

### Professional designations held

CFA, FRM

### Business Background

2013 – 2015: Financial Engineer, Bloomberg LP., New York, NY

2015 – present: Chief Compliance Officer, Caigin International LLC

Has passed Series 65 exam for Investment Advisory Representative. Has attended numerous seminars and classes covering securities, investment advisory, tax and employee benefits administration disciplines. Proficient in various quantitative financial and risk models including portfolio optimization. Familiar with risk management.

### Disciplinary Information

None

### Other Business Activity

Mr. Wang is a partner and serves as the Director of Investments of Beijing Caigin International LTD.

### Additional Compensation

None

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Supervision

Mr. Wang serves as the Chief Compliance Officer of Caigin International LLC, and as such is not subject to additional supervision.

**Xi Shao, Director of Finance, born 1985**

Education

BS, Tsinghua University, China, 2006

PhD, Tsinghua University, China, 2011

Business Background

2011 – 2012: Senior Associate, CITIC Securities Co.,Ltd., Beijing, China

2012 – 2013: Strategy Analyst & Head of Trading, Sage Investment Management Co.,Ltd., Beijing, China

2013 – 2015: Senior Associate, Tebon Securities Co.,Ltd., Beijing, China

2015 – present: Director of Finance, Caigin International LLC

Proficient in fundamental analysis and securities investment consulting. Has a broad knowledge and skills of identifying investment opportunities through analysis. Familiar with stock market and corporate bond market.

Disciplinary Information

None

Other Business Activity

Ms. Shao is a partner and serves as the Director of Finance of Beijing Caigin International LTD.

Additional Compensation

None

Supervision

Ms. Shao works under the supervision of Zhen Wang, CCO.

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