

**FORM ADV PART 2A FIRM BROCHURE**

**CICC ALPHA INVESTMENT MANAGEMENT (USA), LLC**

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March 27, 2019

*This Brochure provides information about the qualifications and business practices of CICC ALPHA INVESTMENT MANAGEMENT (USA), LLC (“**CICC ALPHA**”). If you have any questions about the contents of this Brochure, please contact CICC ALPHA’s Chief Compliance Officer (“**CCO**”), Tong Li at [litong@ciccalphaus.com](mailto:litong@ciccalphaus.com). This Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. CICC ALPHA is a registered investment adviser. Registration as an investment adviser does not imply that the firm or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business. Additional information about CICC ALPHA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## ITEM 2: MATERIAL CHANGES

THERE HAS BEEN NO MATERIAL CHANGE SINCE LAST AMENDMENT DATED BACK JULY 2018.

### **IMPORTANT NOTE ABOUT THIS BROCHURE**

This brochure is not:

- an offer or agreement to provide advisory services to any person
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund referred to in this brochure
- a complete discussion of the features, risks or conflicts associated with any fund referred to in this brochure or any advisory service.

As required by the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), CICC Alpha provides this brochure to current and prospective clients. Additionally, this brochure is available through the Securities and Exchange Commission’s (“SEC’s”) Investment Adviser Public Disclosure website.

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## ITEM 4: ADVISORY BUSINESS

### *Background*

CICC ALPHA INVESTMENT MANAGEMENT (USA), LLC was founded in June 2017. CICC ALPHA is wholly owned by CICC ALPHA INVESTMENT MANAGEMENT HOLDING LIMITED.

#### *a) Advisory Services*

CICC ALPHA provides investment advisory services specializing in the management of pooled private investment vehicles such as private equity funds on a fully discretionary basis (“Fund(s)”). The Funds are organized as limited partnerships, limited liability companies, or other legal entities.

CICC ALPHA seeks to achieve attractive risk-adjusted returns by investing predominantly in direct private equity investments alongside leading private equity sponsors. The Firm will seek to build an appropriately diversified portfolio of high-quality direct private equity investments primarily in North America and Europe. The Firm will focus its investments primarily on buyout transactions, and may opportunistically take advantage of special situations, growth capital, venture, and credit investment opportunities. The Firm intends to be diversified across industry sectors. It intends to take a minority position in each investment.

#### *b) Principal Investment Strategies*

CICC ALPHA will seek to invest opportunistically in a variety of mid-life situations, such as add-on acquisitions, recapitalizations, and partial divestitures of existing portfolio companies of lead private equity firms. The Firm believes that these transactions typically benefit from attractive buy-in valuations from a lack of a control premium.

#### *c) Tailored Advice and Client-Imposed Restrictions*

Each CICC ALPHA Fund has its own investment objectives, strategies and restrictions. CICC ALPHA prepares offering materials with respect to each Fund that contain more detailed information. These serve as a limitation on the actions of CICC ALPHA’s investment team with regard to the Funds.

Unless otherwise specified, CICC ALPHA Fund(s) are not necessarily tailored to meet the individualized investment needs of any particular investor (“Investor”) or client (“Client”). An investment in a CICC ALPHA Fund does not create a client-adviser relationship between CICC ALPHA and an Investor. Further discussion of the strategies, investments and risks associated with a CICC ALPHA Fund investment is included in the relevant materials for each type of Investor.

#### *d) Wrap Fee Disclosure*

Not applicable.

#### *e) Assets Under Management*

As of the date of this Brochure CICC ALPHA has capital commitments to its Fund and therefore regulatory assets under management of \$150,000,000, all of which will be managed on a discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### *a) Compensation*

CICC ALPHA receives a management fee from each Fund based on net assets under management. The Fund(s) typically pay CICC ALPHA a quarterly asset-based management fee in arrears at a rate to be determined but typically would be equal to 0.5% (2.00% per annum) of the quarter-end Net Asset Value per share (without deduction of any unpaid withdrawals/redemptions and any accrued Management Fee and Incentive Fee) of each share subject to such fee (the “Management Fee”).

CICC ALPHA in its sole discretion, may waive or reduce the Management Fee or amend any other restrictions with regard to investors that are employees or affiliates of CICC ALPHA, relatives of such persons, and for certain strategic investors.

### *b) Billing*

Management fees are deducted from the accounts of Fund(s) after calculation of the fee amount by CICC ALPHA on a quarterly basis.

### *c) Other Expenses*

Clients are responsible for and do incur other expenses separate and apart from CICC ALPHA’s management and performance based fees. These expenses typically include fees charged by each fund, custody fees, transaction fees, and/or expenses associated with the investment vehicle in which assets are invested.

### *d) Advance Billing*

As discussed above, with respect to the Fund(s) managed by CICC ALPHA, the management fee payable is calculated and paid quarterly in arrears. Investors in the Funds who withdraw will generally not be refunded any portion of the management fee payable for that calendar quarter.

### *e) Sales-based Compensation*

Not applicable. Neither CICC ALPHA nor any of its employees or affiliates accepts additional compensation for the sale of securities or other services or other investment services or products.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

CICC ALPHA may receive performance compensation (“Incentive fee” or “Performance Fee”) as set out in each individual prospectus to the Fund(s). The Fund(s) may pay an incentive fee as of the end of each Incentive Period to the Investment Adviser typically equal to 20% of the Net Capital Appreciation attributable to each share of the Fund(s) (“Share”) subject to such fee. This Incentive Fee may be with or without a hurdle rate, as set out in each individual prospectus to each Fund.

The Performance Fee is charged by CICC ALPHA (or its affiliate) in compliance with Rule 205-3 under the Investment Advisers Act of 1940. The Management Fee and Performance Fee are negotiable. CICC ALPHA, in its sole discretion, may waive or reduce the Management Fee and/or the Performance Fee or amend any other restrictions with regard to investors that are employees or affiliates of CICC ALPHA, relatives of such persons, and for certain strategic investors.

Performance-based compensation may create an incentive for CICC ALPHA to make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. In addition, the performance on which performance-based compensation is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized. Incentive fees are only charged to “qualified clients” in accordance with Rule 205-3 under the Advisers Act. In the future, not all compensation arrangements will necessarily include a performance component, and the rate and nature of the calculation of performance compensation and bonuses may vary.

Performance fees and differences in their calculation may result in certain conflicts of interest, such as motivating CICC ALPHA to invest Client funds in assets with heightened risk profiles that have the potential to produce relatively higher returns or causing CICC ALPHA to favor certain Clients over others.

### SPECIFIC CONFLICTS OF INTEREST AND CICC ALPHA’S PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, CICC ALPHA and its personnel may face actual and potential conflicts of interest, including an incentive to favor those accounts or funds in which CICC ALPHA or its personnel have greater pecuniary interests over other accounts or funds. Such conflicts of interest, and CICC ALPHA’s practices that are designed to mitigate such conflicts of interest, are discussed below. As a general matter, CICC ALPHA addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by CICC ALPHA’s Investment Committee.

- **Allocation of Investments.** CICC ALPHA may have an incentive to allocate investment opportunities based on pecuniary interest. CICC ALPHA and its personnel may face a conflict of interest when considering how to allocate limited investment opportunities among accounts or funds having different fee structures or pecuniary interests, including CICC ALPHA Funds in which it is an investor. Through its relevant policies and procedures, CICC ALPHA seeks to promote fair and equitable treatment of all accounts or funds (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests (as discussed in Item 12).
- **Compensation of CICC ALPHA and its Personnel.** CICC ALPHA and its personnel have an incentive to take on more risk when compensation is based on performance. The receipt of performance-based compensation and the payment of bonuses relating to performance of Client accounts may create an incentive to make riskier investments than might be made in the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Client and CICC ALPHA. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped

and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in Item 13, CICC ALPHA reviews the Client accounts that it advises on a regular basis to monitor risk levels.

- **Performance-based Fees for Adviser and Valuations.** When CICC ALPHA's compensation is based on the value or performance of investments, CICC ALPHA has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a CICC ALPHA Fund, CICC ALPHA's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that CICC ALPHA may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. CICC ALPHA seeks to mitigate this conflict by valuing assets in a consistent and thorough manner that insulates the conflict. CICC ALPHA considers the views of outside experts in determining the value of illiquid or other hard to value assets.

**Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by-side management are mitigated by CICC ALPHA's relevant policies and procedures. As a general principle, CICC ALPHA requires that potential conflicts of interest be addressed by placing Client interests before personal or proprietary interests. CICC ALPHA also has instituted trading policies to promote fair treatment of CICC ALPHA Funds based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.



## ITEM 7: TYPES OF CLIENTS:

CICC ALPHA provides investment advisory services to certain private investment funds organized as limited partnerships, limited liability companies, or other legal entities. The Funds qualify for exemption from the definition of an investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) under Section 3(c) (1) or Section 3(c) (7) of the Investment Company Act, and CICC ALPHA offers interests to Investors pursuant to Regulation D under the Securities Act of 1933, as amended (the “1933 Act”).

The minimum investment in Fund(s) advised by CICC ALPHA is typically \$10,000,000, although the Fund(s) may accept investments in a lesser amount.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### *a) Methods of Analysis and Investment Strategies*

CICC ALPHA's portfolio construction process is dynamic and is designed to ensure that the allocations to investment strategies and underlying investments are consistent with each portfolio's risk and return objectives.

CICC ALPHA seeks attractive long-term risk-adjusted absolute returns in a variety of capital market conditions in the Fund(s) it advises. CICC ALPHA aims to accomplish this objective by allocating and reallocating Fund assets among Portfolio Advisors that utilize alternative investment strategies and invest in a variety of financial instruments differing strategies and investments. There can be no assurance that the Funds' investment objective will be met or that its portfolio design and risk monitoring strategies will be successful.

The Investment Adviser establishes specific portfolio allocation targets with respect to individual strategies and variations thereof. It then analyzes how recent or anticipated market trends are expected to impact major strategies and sub-strategies and considers various factors in determining strategy allocation and reallocation.

Major factors considered include:

- macroeconomic and capital market conditions globally; and
- strategy specific factors including, but not limited to, interest rate environments, market liquidity, capital flows, earnings growth, valuations, supply/demand imbalances, market volatility, credit spreads and corporate mergers and acquisition activity.

### *b) Material Risks Associated with the Investment Strategies*

Investing in securities in general involves risk of loss that Clients should be prepared to bear. CICC ALPHA's principal risk currently lies in Manager Selection. Each underlying Portfolio Adviser has complete discretion to invest its fund's assets according to that fund's operating agreement and offering memorandum. There is no way to monitor all the specific investments made by the Portfolio Adviser or to know whether the Portfolio Adviser's investments are consistent with the Portfolio Adviser's historic investment philosophy or risk levels on a daily basis. All Investors assume the risk that investment returns may be negative or below the rates of return of other investment advisers or products. Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Key risks of loss which apply to the current principal investment strategies employed by CICC ALPHA are listed below. More detailed descriptions and explanations of the key risks of loss are included in relevant offering materials.

Given the nature of the investment strategy of CICC ALPHA, the following represent certain general risks inherent in such an investment:

- **Illiquid and Long-Term Investments**  
An investment in the Fund requires a long-term commitment. Although Portfolio Investments by the Fund occasionally may generate some current income, return of capital and the realization of gains, if any, from a Portfolio Investment generally will occur only upon partial or complete sale, recapitalization or other disposition of such Portfolio Investment. While one or more of these transactions may occur at any time with respect to a given Portfolio Investment, sale or other disposition of a Portfolio Investment generally is not expected to occur for a number of years after the initial investment is made. Further, the General Partner may defer distribution of disposition

proceeds until the aggregate amount of undistributed proceeds exceeds levels set forth in the Partnership Agreement.

It is unlikely that there will be a public market for the securities held by the Fund at the time of their acquisition and there can be no assurance that a public market will develop. The Fund generally will not be able to sell its securities publicly unless the issuer has gone public and such sale is registered under applicable securities laws or an exemption from registration is available. Because Portfolio Investments will be illiquid, they may be difficult to value. There can be no assurance that the valuations assigned to the Portfolio Investments will be representative of the amounts actually realized upon disposition of such assets.

- **Fluctuations in Financial Markets**

General fluctuations in the market prices of securities and interest rates may adversely affect the value of the Portfolio Investments. Volatility and instability in the securities markets may also increase the risks inherent in the Portfolio Investments. The ability of Portfolio Investments to refinance debt securities may depend on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets. Any downturn in global credit markets may make it difficult to obtain favorable financing terms for Portfolio Investments. Any deterioration of the global debt markets (particularly the U.S. debt markets), any possible future failures of certain financial services companies and a significant rise in market perception of counterparty default risk, interest rates or taxes will likely significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some investment banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer committed financing for investments on less favorable terms than had been prevailing in the recent past.

- **Asset Valuations**

The fair value of the Portfolio Investments will be determined by the General Partner in accordance with written guidelines prepared in accordance with [International Financial Reporting Standards (“IFRS”)], which guidelines are reviewed by the Fund’s independent accountants. Fair value of a Portfolio Investment is determined by taking into consideration the cost of securities, prices of recent third party transactions, any financial data and projections provided to the General Partner (which may be limited), the valuations of the lead sponsors (to the extent available to the Fund), and such other factors as the General Partner may deem relevant.

- **Custodial Risk**

One or more banks or broker-dealers may act as custodians for certain assets of the Fund. Custodians could provide certain clearing, including prime brokerage, margin financing or other financing facilities in addition to custodial functions. If a custodian were to become insolvent, the Fund would, in respect of financial assets credited to securities accounts and held in street name, have only rights in common with other customers of the custodian and would not have ownership of, or rights with respect to, any specific financial assets maintained by the custodian. If any custodian has insufficient financial assets to satisfy all of its customers and its secured creditors, the Fund could suffer losses.

- **Hedging Policies / Risks**

The Fund may, in some circumstances, directly or indirectly, employ hedging techniques in connection with its Portfolio Investments designed to reduce the risks of adverse movements in interest rates, securities prices, currency exchange and other factors (including risks associated with the use of derivative instruments). In addition, portfolio companies may engage in hedging techniques in an effort to enhance returns. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates or other events relating to such hedging transactions may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

- **General Economic and Market Risk**

Conditions in the credit and equity markets may have a significant impact on the business of the Fund. The credit and equity markets in the United States have experienced a variety of difficulties and changed economic conditions in recent years that have adversely affected the performance and market value of many securities and financial instruments. There can be no assurance that the Fund will not suffer material adverse effects from broad and rapid changes in market conditions in the future. Among other things, the level of investment opportunities may decline from the General Partner's current expectations. As a result, fewer investment opportunities may be available to the Fund.

**ITEM 9: DISCIPLINARY INFORMATION**

*a) Criminal or civil action*

Neither CICC ALPHA nor its employees or involved persons ("Persons") have been subject to any disciplinary action, whether criminal, civil or administrative in any jurisdiction.

*b) Administrative proceeding*

None

*c) Self-regulatory organization (SRO) proceeding*

None

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### *a) Registered Broker-Dealer or Registered Representative*

CICC ALPHA is under common ownership with CICC US Securities, Inc. (“CICC US”) is a brokerage firm and was incorporated in August 2005, in the state of Delaware, and opened its New York office in September 2009. CICC US is a member firm of Financial Industry Regulatory Authority (“FINRA”) and is also registered as an introducing broker with the Commodity Futures Trading Commission (“CFTC”) under the Commodity Exchange Act and a member of the National Futures Association (“NFA”).

CICC US is a wholly-owned subsidiary of China International Capital Corporation (USA) Holdings, Inc. (100%) which is in turn is directly owned by China International Capital Corporation (Hong Kong) Limited which is the direct owner of CICC Active Global Investments Holding Limited (Cayman). CICC Active Global Investments Holding Limited (Cayman) is the 50% owner of CICC ALPHA’s parent company.

CICC US’ primary activities are institutional securities brokerage, investment banking, and other related financial activities. CICC US provides brokerage services on securities traded on U.S. exchanges and the Hong Kong Stock Exchange to institutional investors located in the United States and other jurisdictions. CICC US has a sales and trading (“S&T”) team, a research team and a small Investment Banking Department. There are approximately 31 employees in US as of March 29, 2019.

CICC US operates an agency introducing brokerage business. CICC US takes no positions on any equity transactions. CICC US also distributes third-party research produced by its overseas affiliates to institutional investors in the U.S. under SEC Rule 15a-6.

Institutional communications barriers have been created and implemented between the businesses of CICC US and those of CICC ALPHA to minimize the probability of a conflict of interest between and among these respective businesses.

### *b) FCM , CPO, CTA or Associated Person*

Not Applicable

### *c) Material Business Relationships with Certain Related Persons*

Not Applicable

### *d) Recommendation and Selection of Other Investment Advisers For Compensation*

Not Applicable

## ITEM 11: PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, CODE OF ETHICS AND PERSONAL TRADING

### *a) Code of Ethics*

CICC ALPHA has adopted a Code of Ethics that sets forth the standards of business conduct that it required from all its supervised persons. CICC ALPHA believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients come first; and (iii) it has a fiduciary duty to its Clients to act solely for their benefit. All personnel of CICC ALPHA must put the interests of CICC ALPHA's Clients before their own personal interests and must act honestly and fairly in all respects in dealings with Clients. All personnel of CICC ALPHA must also comply with all federal securities laws.

Clients or prospective clients may obtain a copy of CICC ALPHA's Code of Ethics by contacting CICC ALPHA's Chief Compliance Officer at 646-794-8752.

### *b) Participation or Interest in Client Transactions*

CICC ALPHA does not participate in nor has any interest in Client Transactions. CICC ALPHA does not recommend investments in any securities in which it has a material financial interest nor does it invest in the same securities for itself that it recommends to Clients. CICC ALPHA and its related persons may invest in the Funds, and therefore, such persons may hold the same Funds as other investors in the Funds. CICC ALPHA has established procedures intended to limit conflicts of interest in cases where CICC ALPHA, a related person or any of their employees, buys or sells the Funds recommended by CICC ALPHA to its Clients.

### *c) Investment in Securities Recommended to Clients*

CICC ALPHA's Supervised Persons are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. To facilitate compliance with this policy, the CCO or the CCO's designee shall maintain a Restricted Securities List. This list will contain all securities CICC ALPHA or an affiliate of CICC ALPHA is analyzing or considering for Client transactions. Further, as noted above, all Access Persons (as defined in the Code, and which includes Supervised Persons meeting certain further criteria) will continuously disclose their transactions reports detailing personal securities transactions. Such reports will be reviewed by the CCO or the CCO's designee to ensure compliance with the Code.

### *d) Investment in Securities at or about the Same Time Recommended to Clients*

See Part 11 C. above.

## ITEM 12: BROKERAGE PRACTICES

### *a) Selecting or Recommending Broker-Dealers*

#### Fund of Funds Management

CICC ALPHA may also advise certain type of fund of funds in the future (for example hedge fund) as such it will not engage in the trading of securities for this particular business. Accordingly, the portfolio investments of these funds are not executed through brokerage firms and CICC ALPHA will not select or recommend brokers for Clients.

#### Private Fund Direct Management

Where CICC ALPHA may advise funds directly, a broker may be selected for certain transactions. CICC ALPHA has no obligation to deal with any particular broker-dealer in the execution of transactions in portfolio securities. In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our Clients, CICC ALPHA's primary objective is to obtain best price and execution - that is, prompt, errorless, execution of orders at the most favorable prices reasonably obtainable. In doing so, CICC ALPHA considers a number of factors, including, without limitation:

- the overall direct net economic result to the Client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),
- the financial strength of the broker-dealer,
- the reputation and stability of the broker,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services.

CICC ALPHA will also consider the quality of firms with which it seeks to execute orders, the adequacy of lines of communication, timeliness of reports of order execution, the capacity to accommodate unusual trading volume and the preservation of Client anonymity, among other factors.

### *b) Soft-Dollars Arrangement*

As a matter of policy, CICC ALPHA will not pay a commission in order to receive research or other services and, except in unusual circumstances, the commission negotiated would not exceed CICC ALPHA's normal rate. Research or other services which may be received as a result of transactions executed in Client accounts are used to benefit all of CICC ALPHA's investment advisory Clients.

### *c) Brokerage for Client Referrals*

CICC ALPHA does not consider, in selecting or recommending a broker dealer, whether CICC ALPHA or a related person receives Client referrals from that broker-dealer.

### *d) Directed Brokerage*

CICC ALPHA does not accept Clients who require us to execute transactions through a specified broker-dealer. Clients may recommend that CICC ALPHA use their preferred broker-dealer(s). CICC ALPHA will use such broker-dealer(s) subject to our determination that said broker-dealer provides best execution of Client transactions.

#### **ITEM 13: REVIEW OF ACCOUNTS**

##### *a) Periodic Account Review*

CICC ALPHA has detailed knowledge of the investments in each Fund(s). The investment team managing the funds formally and informally meets several times quarterly to review the performance of each portfolio company in each Fund and to ensure that transactions are within the parameters of the Funds' Agreements. The portfolios of Fund(s) managed by CICC ALPHA are regularly reviewed by members of the Fund(s)' Investment Committee on a formal and informal basis, as well as by other personnel of CICC ALPHA.

##### *a) Client Reports*

CICC ALPHA will provide unaudited reports on behalf of the Fund(s) on a quarterly and an annual basis. These reports provide information on account balances, monthly performance, industry commentary, securities held, values and other information designed to provide Clients with a complete assessment of their portfolios.



#### ITEM 14: PAYMENT FOR CLIENT REFERRALS

CICC ALPHA may compensate third parties for Client referrals (each a “Solicitor”). Before making payments for any referral, CICC ALPHA requires each “solicitor” to enter into a written referral agreement. CICC ALPHA may pay the solicitor a portion of its own fee received from Clients introduced by that third-party marketer or salesperson for the length of the term of the Client’s account with CICC ALPHA. Typically, this fee is representative of a percentage of assets under management and as a percentage of any other fees earned by ACM, calculated by an agreed-upon formula. CICC ALPHA may also pay certain expenses incurred by the solicitor for services performed on behalf of CICC ALPHA.

The solicitor is required to present to any prospective Client (other than potential hedge fund or private investment fund investors) a document including: the name of the solicitor; the name of the investment advisor he represents (e.g. CICC ALPHA); the nature of the relationship, including disclosure of any affiliation between the solicitor and CICC ALPHA; a statement that the solicitor will be compensated by CICC ALPHA, including the terms of that compensation arrangement; and the amount, if any, of the cost of obtaining the account that the Client will be charged in addition to the CICC ALPHA advisory fee, including the differential, if any, among Clients with respect to the amount of advisory fees if such differential is attributable to the existence of any arrangement pursuant to which CICC ALPHA has agreed to compensate the solicitor.

## ITEM 15: CUSTODY

Due to certain arrangements, CICC ALPHA may be deemed to have “custody” of the CICC ALPHA Fund assets within the meaning of Rule 206(4)-2 under the Advisers Act.

Clients and fund investors receive account statements directly from a qualified custodian and are encouraged to review those accounts statements received from the custodian. Clients should review these statements carefully and should immediately contact CICC ALPHA if account statements are not received from the custodian on at least a quarterly basis. To the extent CICC ALPHA, pursuant to the relevant advisory contract or otherwise, separately provides reports or account statements, Clients should compare CICC ALPHA’s statements carefully to the account statements received from the custodian. If there are any discrepancies between the account statements, please contact CICC ALPHA immediately.

In addition CICC ALPHA’s funds are audited at least annually and distribute their audited financial statements prepared in accordance with generally accepted accounting principles to all investors. CICC ALPHA provides (or causes to be provided) to each Investor in the Fund a copy of the Fund’s audited financial statements within 120 days for Funds and 180 days for fund of funds following the relevant Fund’s fiscal year end. Investors who do not receive audited financial statements timely should contact CICC ALPHA immediately.

## **ITEM 16: INVESTMENT DISCRETION**

CICC ALPHA has complete discretion to select the underlying Portfolio Advisers or investments in which each Fund(s) it advises will invest. CICC ALPHA generally has discretion to determine the amount invested with each Portfolio Adviser or investment or rebalance the investments made among underlying investments. These decisions are based primarily on CICC ALPHA's evaluation of the performance of the underlying investments by the Fund(s) advised by CICC ALPHA. Such investment discretion is given through the appropriate investment advisory agreement executed between the Client and CICC ALPHA.

## ITEM 17: VOTING CLIENT SECURITIES

### *c) Proxy Voting Authority*

From time to time, companies in which CICC ALPHA invests may submit certain matters to a vote of its security holders. The right to vote is usually available to equity holders and not to holders of company debt. Clients and Investors in CICC ALPHA Funds can request copies of CICC ALPHA's proxy voting policies and relevant voting records by contacting their Investor Relations representative. CICC ALPHA will not disclose how it voted for a Client to third-parties, unless specifically requested, in writing by the Client.

CICC ALPHA understands and appreciates the importance of proxy voting and consent rights (collectively "Proxies") and, if required to do so, will generally manage the receipt of incoming Proxies, maintain a log of all Proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a Proxy, CICC ALPHA will vote any such Proxies to maximize investor value and in accordance with the procedures outlined below.

CICC ALPHA has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies are voted prudently and solely in the best interest of our Clients. According to our policy, CICC ALPHA will generally vote in accordance with management's recommendations in order to support the ability of management to run its business in a responsible and cost effective manner while staying focused on maximizing shareholder value. In the event that a conflict of interest exists between management's recommendation and CICC ALPHA or its Clients, CICC ALPHA will vote in the manner which in its judgment and sole discretion is in the best interest of its Clients.

CICC ALPHA operates a policy of exercising proxy votes for Clients as permitted within Client agreements. Voting policy is undertaken at all times in the best interests of Clients and for their benefit. A copy of the full proxy voting policy is available upon request.

### *a) Client Proxy Voting Authority*

Clients who do not grant CICC ALPHA discretion to vote proxies on their behalf are responsible for voting their own proxies and, if they desire to do so, must arrange to receive proxy materials from the relevant custodians or transfer agents. CICC ALPHA does not provide any proxy related information, or advice as to how to vote proxies, to such Clients.

## ITEM 18: FINANCIAL INFORMATION

No financial events have occurred to CICC ALPHA that would negatively affect the financial viability of the CICC ALPHA. There is no financial condition of CICC ALPHA that is reasonably likely to impair CICC ALPHA's ability to meet contractual commitments to Clients.

### *a) Financial Disclosures*

Not Applicable.

### *b) Material Financial Impairment*

Not Applicable.

### *c) Bankruptcy Petitions*

Not Applicable.