

Investment Adviser Brochure

Form ADV Part 2

Magic Wealth Adviser, LLC
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Beijing, P.R. China 100089

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This brochure provides information about the qualifications and business practices of Magic Wealth Adviser, LLC. If you have any questions about the contents of this brochure, please contact us at 20 D Unit 4, Tower C, Indo Mansion, Jia 46 Zhichun Road, Haidian District, Beijing, P.R. China 100089 or email address mayongan@licaimofang.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Magic Wealth Adviser, LLC also is available on the SEC's website at 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 Magic Wealth Adviser, LLC is 299173.

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Advisory Business

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

Magic Wealth Adviser, LLC is an Investment Advisory firm established in 2018. The sole member of Magic Wealth Adviser, LLC is Koudai Caifu Information Technology Ltd., a company in People Republic of China.

- 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 provide a whole-life-cycle asset management service to our clients based on our artificial intelligence (“AI”) investment platform. Our services include client risk profile analysis, asset allocation planning, dynamic portfolio management, one-click trading option, and performance review and analysis.

Our AI investment platform collects data from both client inputs and financial markets. Information provided by clients to our AI platform include but not limited to the following:

- current financial status and asset portfolios;
- investment history, objectives and related timelines;
- estimated future income flow and expenses;
- risk tolerance; and
- any other specific investment restrictions or requirements.

Based on the input of a client, our platform will generate an investment policy statement (“IPS”) for such client and classify such client to one of our risk levels. Accordingly, our AI model will design a recommended securities investment portfolio for the client by matching such client’s IPS with our products pool. The algorithm makes the matching based on both investment return objects and risk profile of the client.

A client may use a one-click trading service to purchase all the products in our recommended investment portfolio.

After the initial set up of the investment portfolio for a client, our AI platform will track the portfolio performance in real time and we will provide portfolio rebalancing recommendations and account performance report on a monthly basis. At the same time, our clients also have access to all the above described services any time through our online services and mobile applications.

- 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.*

Other than what is described under Question B above, we do not tailor our advisory services to the individual needs of our clients.

- 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.*

As of September 31, 2018, we do not manage any client’s assets.

Fees and Compensation

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

We charge each client a fixed management fee and a performance-based fee. Our fixed management fee is 1% per annum of the net asset value of investment portfolio of a client, calculated daily and billed the client at the end of each month.

We charge a performance-based fee with qualified clients as defined by Rule 205-3 of the Investment Advisers Act of 1940. Our performance-based fee is 10% of the net capital gain on the assets of a client, calculated on the date when the client terminates our services or withdraws such client's investments and payable within thirty (30) days from such termination or withdrawal.

- 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 responses to Question A above.

- 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.*

There are no other types of fees or expenses that our clients will pay for our 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.*

Yes. Clients may pay the fees in advance. If an advisory contract is terminated before the end of the billing period, a client may obtain a refund of a pre-paid fee in pro rata based on the lengths of time of our advisory services provided.

- 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.*

we do not expect to receive compensation for the sale of securities or other investment 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.*

Not applicable.

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 are free to use any other brokers or agents they prefer. However our one-click trading service is only available for trades executed by our recommended brokers or agents that provide technical access to our platform. These brokers and agents are not affiliated with us.

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.*

Not applicable

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.

Yes, we charge both a fixed management fee and a performance-based fees on the net capital gains on the investments of each client. We charge the same types of fee to all accounts. We charge a performance-based fee with qualified clients as defined by Rule 205-3 of the Investment Advisers Act of 1940.

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 advice to individuals, investment companies and trusts. We don't have requirements for opening or maintaining an account.

We only charge a performance-based fee with qualified clients as defined by Rule 205-3 of the Investment Advisers Act of 1940.

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.*

Our AI model uses top-down methodology to analyse the financial markets and establish our long-term and short-term asset allocation strategies.

We established a 3-level products pool, which takes into considerations factors such as historical performance of the products, investment return, risk analysis, and performance consistency and liquidity. Meanwhile, our return and risk model, based on its analysis of a client's investment return objective and risk tolerance profile, establishes the IPS and specific asset allocation plan for such client. The AI model then does the asset allocation by matching the products pool and the client's specific allocation plan.

At the strategic allocation level, we use a Core-Satellite model to construct the portfolio for the client's account. Our AI model will establish a core portfolio to achieve the investment returns benchmark set for the client. In addition to the core portfolio, our AI model will establish satellite portfolios to generate excess investment returns.

Return volatility and risk are inherent to securities investment and clients should be prepared to bear. Our investment strategies advise clients to invest in securities which include stock, fix-income securities, collective investment tools, such as mutual funds, ETF funds, and monetary securities. Prices of these securities are volatile and are influenced by many factors, including but not limited to, economy, market perceptions, performance of the issuer entities, law and regulations, and political dynamics. Additionally, executing the investment strategies involves payment of fees to various parties, including brokers, stock exchanges, fund manager or other intermediary facilities. Therefore, we can not assure that investment based on our investment advices will always generate positive returns. Our clients may fail to achieve the expected performance of their investment and may, in the worst cases, even lose part or all of their investments.

- 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.*

Our portfolio optimization recommendation and historical performance cannot guaranty future returns and investors may suffer losses from their investments.

Among others, the followings risks are most relevant to the strategy formation process:

Equity market risk. Stock prices in general can be in the equity markets are affected by factors beyond our control, including economic and political conditions, broad trends in

business and finance, legislative and regulatory changes and changes in volume and price levels of the equity transactions. As a result, to the extent these or other factors reduce trading volume or volatility or result in a downturn in the equity markets, clients may experience a material adverse effect on their investments.

Stock prices can also be hurt by poor management on the part of the stock's issuer, shrinking product demand and other business risks. These may affect single companies as well as groups of companies. In addition, movements in financial markets may adversely affect a stock's price, regardless of how well the company performs.

Counterparty risk. A financial institution or other counterparty that underwrites, distributes or guarantees any investments or contracts that the objective investments own or are otherwise exposed to, may decline in financial health and become unable to honor its commitments. This could cause losses for the portfolio or could delay the return or delivery of collateral or other assets to the portfolio.

Liquidity risk. In certain situations, it may be difficult or impossible to sell an investment at an acceptable price. This risk can be ongoing for any security that does not trade actively or in large volumes, for any security that trades primarily on smaller markets, and for investments that typically trade only among a limited number of large investors (such as certain types of derivatives or restricted securities). In unusual market conditions, even normally liquid securities may be affected by a degree of liquidity risk.

Model risk. Our services are based on AI models which face model risk. A model may have been built as it was intended for, but could have fundamental errors and produce inaccurate outputs when compared to its design objective and intended use; or a model may be used incorrectly or inappropriately, or its limitations or assumptions may not be fully understood.

Advisory System Risk. It is possible that we may experience both software and hardware computer failures and impairs clients' access to our advisory services.

Currency risk. Fluctuations in currency exchange rates could adversely affect our clients' investments. Certain portfolios may contain investment products that are denominated in difference currencies and changes in currency exchange rates may therefore affect the value of the portfolios.

Foreign investment risk. Our portfolios may have investment products which faces the risks inherent in foreign investment outside the United States. Adverse political, economic or social developments could undermine the value of the investments or prevent the investments from realizing the full value. Financial reporting standards for companies based in foreign markets differ from those in the U.S. Additionally, foreign securities markets generally are smaller and less liquid than U.S. markets. Foreign governments may restrict investment by foreigners, limit withdrawal of trading profit or currency from the country, restrict currency exchange or seize foreign investments.

Operational risk. Our services are exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of our service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

Our AI model, based on each client's investment objective and risk profiles, determines whether frequent trading strategy shall be used for such client. Frequent trading could result in brokerage fees, recreation/redemption fees and extra tax burdens which would lower the performance of the investments of a client.

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.

We focus on diversified investment tools such as Exchange-Traded Funds (ETFs), mutual fund.

However, ETF can carry some inherent risks that our clients should be alerted about. 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 ETF may contain illiquid or foreign securities, which market valuations can be limited or inaccurate.

Investing in mutual funds also involve many risks. Below is a list of major risks involved in the investment in mutual funds:

Equity Market risk. Mutual funds that invest in equities are affected by stock market volatility. Stock market may be influenced by general economy, particular industry, political situation and many other factors.

Interest rate risk. Bond prices will generally decline if interest rates rise. The value of mutual funds that invest in bonds, mortgages and other income-producing securities is primarily affected by changes in the general level of interest rates.

Counterparty risk. A financial institution or other counterparty with whom the mutual funds do business, or that underwrite, distribute or guarantee any investments or contracts that the mutual funds own or are otherwise exposed to, may decline in financial health and become unable to honor its commitments. This could cause losses for the mutual funds or could delay the return or delivery of collateral or other assets to the mutual funds.

Derivatives risk. Some mutual funds invest in derivatives as part of their strategies. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index or currency to which it relates; the risk that derivatives may result in losses or missed opportunities; the risk that the Fund will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the mutual funds to the effects of leverage, which could increase the mutual funds' exposure to the market and magnify potential losses. There is no guarantee that derivatives, to the extent employed, will have the intended effect, and their use could cause lower returns or even losses to the mutual funds.

Market price risk. Some mutual funds shares are listed for trading on Exchanges and are bought and sold in the secondary market at market prices. The market prices of shares

will fluctuate, in some cases materially, in response to changes in the NAV and supply and demand for shares. As a result, the trading prices of shares may deviate significantly from NAV during periods of market volatility. The adviser cannot predict whether shares will trade above, below or at their NAV. If the clients' accounts invest mutual funds by buying/selling the shares in the market rather than creation/redemption from the mutual fund management companies, it may cause losses to their portfolio performance.

Currency risk. The value of an investment held by a mutual fund will be affected by changes in the value of the currency in which the investment is denominated, relative to the base currency of the fund.

Tracking risk. Certain mutual funds (“Tracking Funds”) may seek to have all or a substantial portion of their returns linked to the performance of one or more recognized indices (each, a “Reference Index”), one or more mutual funds (each, a “Reference Fund”) or a basket of securities (“Reference Securities”). Tracking Funds will be subject to the same risks as those associated with the Reference Index(es), Reference Fund(s) or Reference Securities that they are attempting to track.

The return of a Tracking Fund may be different from that of its respective Reference Index(es), Reference Fund(s) or Reference Securities because the Tracking Fund bears its own fees and expenses, including commissions and the costs of any derivatives that it may use to achieve its investment objectives.

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.*

Our Code of Ethics is adopted pursuant to SEC rule 204A-1 and Code of Ethics and Standards of Professional Conduct by CFA Institute. It covers compliance, personal securities transactions, insider trading, anti-money laundering, conflicts of interest, confidentiality and disclosure of information, workplace conduct, reporting violations and sanctions and records.

These rules and regulations affect how we transact and conduct our investment advisory business on a daily basis to service client accounts, maintain applicable books and records, and supervise all supervised persons. It is our philosophy and intention to comply fully with all applicable laws, rules, and regulations. Although our supervised persons are not expected to be experts on legal and regulatory matters, they are expected to be familiar with the laws and regulations within their areas of responsibility and are required to comply with all applicable federal and state securities laws, rules, and regulations.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

- 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.*

None.

- 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.*

None.

- 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.*

None.

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 look for best overall executions when we recommend brokers 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.

However in order for clients to use our one-click trading service, they must use brokers who have system access to our platform and technically compatible with our platform.

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.*

- 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.*

3.

- 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.*

Not applicable

- 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.*

We make recommendations, but do not require our clients to execute their orders through our recommended brokers/dealers. We seek the best overall brokerage services and make recommendations to our clients. However, in order for our clients to use our one-click trading service, our clients must place orders through our recommended brokers. Using our recommended brokers might not achieve the most favorable execution of client transactions, and there is no assurance that the most efficient executions can be obtained.

We and the recommended brokers do not have affiliated relationship or any other economic relationship.

- 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.*

We make recommendations, but do not require our client to execute their orders through our recommended brokers/dealers. Our clients execute trades in their own brokerage accounts and are allowed to direct brokerage other than those we recommended. We are not able to aggregate client orders in their own brokerage accounts. Each of such clients will bear his/her own transaction cost, thus most favorable economic efficiency and best execution may not be achieved.

- 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.*

We may aggregate the purchase or sale of securities for various client accounts only if the aggregation will reduce the execution cost. We will not aggregate orders if the aggregation will increase the execution cost as a result of a larger order. Additionally we do not aggregate client order executed through their direct brokerage accounts other than those we recommended.

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.*

We review each of our client accounts or financial plans on a quarterly basis to assess if the risk and investment return objectives have been achieved for such client account and if there is any risk deviation. We will evaluate in specifics the risk exposure and asset allocation portfolio. We will conduct an analysis on the underlying existing or potential factors affecting the performance of an account. Our Quality Control Manager 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.*

Not Applicable.

- 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 will deliver written reports to our clients regarding their accounts on a monthly basis through our online platform. Clients can access the report with our online service such as mobile application anytime.

The content of the monthly account report includes: account balance, positions, profit/loss, fees, difference from the benchmark, risk-adjusted performance indicators.

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.*

Not applicable.

- 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.*

Not applicable

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.

Not applicable

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).

Not applicable

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.*

Not applicable

- 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.*

Not applicable

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.*

Not applicable

- 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.*

Not applicable

- 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.*

Not applicable