

Investment Adviser Brochure

Form ADV Part 2

Caigin International LLC
Building #1 Time International, Room 2801,
Chaoyang District, Beijing, P.R.C

Date: 04/19/2017

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 #1 Time International, Room 2801, Chaoyang District, Beijing, P.R.China or email address 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 and 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 Caigin International LLC is 282240.

Table of Contents

| | |
|---|----|
| Advisory Business | 1 |
| Fees and Compensation | 3 |
| Performance-Based Fees and Side-by-Side Management | 6 |
| Types of Clients..... | 7 |
| Methods of Analysis, Investment Strategies and Risk of Loss | 8 |
| Disciplinary Information | 11 |
| Other Financial Industry Activities and Affiliations | 14 |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 16 |
| Brokerage Practices | 18 |
| Review of Accounts | 21 |
| Client Referrals and Other Compensation | 22 |
| Custody | 23 |
| Investment Discretion..... | 24 |
| Voting Client Securities | 25 |
| Financial Information | 26 |

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, which is in turn 100% owned by Caigin Holdings Ltd (Cayman). Caigin Holdings Ltd (Cayman) has four principle owners, namely Prosper Yeh Holdings LTD (BVI), SoyYou Holdings Limited (BVI), Calpha Yield Holdings LTD (BVI), and Sinovation Fund III LP. Caigin Holdings LTD (Cayman), 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 thematic portfolio investment advisory service that is based on quantitative model for our individual investors. Every single stock within a given portfolio is highly correlated with a common theme. By constructing various thematic portfolios of varying levels of risks, we tailor our advisory services to each client through recommending appropriate themes that are mostly consistent with the client’s investment objective and risk tolerance. With our services, clients’ investments are automatically diversified over multiple securities instead of concentrating on single stocks, in exchange for improved return-risk tradeoff.

We first design and customize our investment themes using the three approaches:

1. identifying the trend and selecting the most profitable investment opportunities over the market;
2. collecting feedbacks and suggestions from both existing and prospective clients;
3. evaluating the risk level of the investment theme.

We employ big data and machine learning techniques backed by investment professionals to identify and optimize the efficient thematic portfolios and match them with client’s investment objectives, risk profiles and constraints (please see “*Advisory Business Question C*” and “*Methods of Analysis, Investment Strategies and Risk of Loss*” for details). An appropriate frequency to rebalance each thematic portfolio is required for maintaining the intended investment objectives and risk tolerance and determined by full history of backtesting performance results.

We provide both non-discretionary and discretionary advisory services with primary focus on public company stocks listed in the United States. The majority of our investable portfolios are non-discretionary, while we offer discretionary services that clients can choose. In our discretionary portfolios, we focus on intermediate to long-term performance and evaluate as well as rebalance the portfolios periodically. In the future, we may also recommend our own investment products/investment solutions 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 thematic portfolio investment advisory service provides tailored investment advices that are consistent with investors’ investment objectives, risk profiles and constraints. Based on the academic behavioral research and acknowledged industrial practice, we put together a list of questions to evaluate our previous, current and prospective clients’ objective capability and subjective willingness to take risk. The final risk profile of the client is summarized in a conservative way towards lower risk tolerance. Then we construct the thematic portfolios based on the client’s final risk profile and current trend of stock market. Clients with different level of risk tolerance can freely choose from those portfolios. And the final risk profile could also be used in optimizing the thematic portfolio that client chooses 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, there is a possibility that we may charge our clients fee for our services. One example is that, we may charge fees for providing downside protection advices and services for client portfolios. We charge management fee for providing investment advices, and we charge performance-based fees only to our accredited investors, all of which are non-US citizens currently. However, we retain the right to waive such fees for given clients.

- 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.*

Caigin and its employees do not receive any direct or indirect compensation from clients or relating to the securities or investments that are purchased or sold by the clients.

When clients purchase or sell thematic portfolios, mainly constituted by public company stocks, or ETFs on Caigin's platform, there might be third-party fees. Examples of fees from our partnered brokers include both one-time and recurrent fees. Our broker-dealer partner, such as the DriveWealth Securities LLC, may charge a one-time account opening fee and W8 fee for US tax purpose for foreign individual investors. Both TAF and SEC fees are additional fees in addition to the normal trading expenses and are collect by our partnered broker as well.

For ETF product, it 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.

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.*

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

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 for the general public and only plan to do so for our accredited investors, all of which are non-US citizens currently.

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, non-discretionary and discretionary, only to individuals and our clients do not have to open any financial/fund accounts with us or maintain an account, such as a minimum account size. We do not have discretion over clients' assets if they choose the non-discretionary service. 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 Caigin. 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 a thematic portfolio investment advice is based on Modern Portfolio Theory (MPT). For a given set of underlying assets, MPT formulates a portfolio that is broadly diversified to maximize the expected 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 number 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 investment.

We have adopted the following steps to construct our thematic portfolio investment advice:

- 1) A previous, current or prospective client 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) Based on the final profile of clients and the trend of stock market, our team would select several appropriate themes to construct portfolios. The following steps elaborate how we construct an example thematic investment portfolio:
 - a) Our team initially screens for a large stock pool (e.g. ~30 stocks) that has high direct business or long-term correlation with the given investment theme by using data mining, machine learning techniques and verifications from our investment professional.
 - b) The above stock pool is carefully evaluated using our in-house quantitative stock evaluation model and a final set of public company stocks (e.g. ~5 stocks) are retained for both promising medium- to short-term performance and strong correlation to them. The set of stocks included is evaluated regularly, usually between 1 and 6 months, to achieve the target objectives and risk tolerances;
 - c) We optimize the portfolio to be efficient under MPT, by maximizing the return for the risk taken, and adjust the risk exposure, by exposing the majority risk on the theme and minimizing other risk exposures. Typically, millions of Monte Carlo simulations are carried out to find the optimal compositions of the portfolio, and an iterative design is adopted to ensure the global optimal and faster convergence.
- 3) We recommend optimized thematic investment portfolios to the clients and they can trade online in their brokerage accounts through our platform if they use the broker-dealer, currently DriverWealth Securities LLC, we recommended. In the future, we may partner

with more broker-dealers. We offer both non-discretionary and discretionary options over client investments, and clients choose freely from our suggested portfolios and brokers-dealers. We only exert power of attorney within portfolios that are explicitly labeled as discretionary ones and carry out automatic portfolio re-balancing. We do not perform discretion on other non-discretionary portfolio options or on how assets should be allocated between portfolios.

- 4) 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.
- 5) We may also recommend our FOF products that are constructed by 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 portfolios in our advices. We only recommend these portfolios to our accredited investors.

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.

Although the thematic portfolio investment advices are optimized, they are based on the historical performance of stock and feedback from clients. Historical performance is no guarantee for future return and investors may suffer loss from investments.

Since we recommend public company stocks, ETF and FOF products to our clients, the following 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 may arise from any part of the process to construct the final thematic investment portfolio. i.e. the feedback from clients and the judgement we make on the stock market trend may not be correct. The optimized thematic portfolios 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 risks and their prices. The price of any stock 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:** the thematic investment portfolios are denominated in US dollars. FOF products may also contain securities that are denominated in a foreign currency other than US dollars. 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:** the thematic investment portfolio contains the stocks that exist in active trading markets, so the liquidity risk for this portfolio is low. Our FOF products may still involve significant liquidity risk since they are constructed using investment vehicles of generally lower liquidity, although 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;
- 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 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.
- 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 executing quality and the business qualifications of the brokers and look 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-dealer's compensation, we also consider qualification that include brand name, costs compared to other brokers-dealers, integrity, extra services provided and other factors.

Currently, we partner with DriveWealth Securities LLC. This company is the member of FINRA and SIPC which can provide a half million insurance limit for clients' investment, including \$250,000 compensation in cash. All the client assets are retained by an independent custodian. And compared with other brokers-dealers, DriveWealth Securities LLC charges very low commission fee for processing transactions, and offers a wide range of deposit approaches. Due to the amount constraints on each portfolio, DriveWealth Securities LLC also offers the capability of trading fractional shares, which allows lower minimum investment amount.

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. Clients can also obtain advices on my platform and are 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. And in the future, we may partner with more brokers-dealers, providing more choices for our clients.

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.

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. For the clients that we have non-discretionary of his/her assets, the robots will ask them whether adjust their accounts to maintain the intended risk and investment objectives and won't do the adjustment without their permissions. For the clients choose our discretionary services, their accounts will be adjusted automatically and they will be informed the change. 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.

Form ADV Part 2B

Client Brochure Supplement

Caigin International LLC
Building #1 Time International, Room 2801,
Chaoyang District, Beijing, P.R.C

June 13, 2016

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 or at (+86) 10 5712 1153. Additional information about Caigin is available on the SEC's website at 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.

Xin Ye, Chief Executive Officer, Born 1983Education

BS, Tsinghua University, China, 2006

MS, Tsinghua University, China, 2009

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: Managerment 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 managerment 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 1984Education

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

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.
