

# Shanghai Chuangjianghui Information Technology Co. Ltd. Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of Shanghai Chuangjianghui Information Technology Co. Ltd.. If you have any questions about the contents of this brochure, please contact us at 13599540987 or by email at:1450351@qq.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 Shanghai Chuangjianghui Information Technology Co. Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Shanghai Chuangjianghui Information Technology Co. Ltd.'s CRD number is: 282749.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Shanghai Chuangjianghui Information Technology Co. Ltd. has not yet filed a Wrap Fee Program Brochure. Therefore there are no material changes to this brochure to report.

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## **Item 4: Services Fees and Compensation**

Shanghai Chuangjianghui Information Technology Co. Ltd. (hereinafter "SCIT") offers the following services to advisory clients:

### **A. Description of Services**

SCIT participates in and sponsors a wrap fee program, which allows SCIT to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule is set forth below:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
\$1,000,000 – And Up	1.50%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the client contract. SCIT uses the last day of previous quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced to the client and paid by check or cash and clients may select the method in which they are billed. Fees are paid quarterly in advance. Refunds are given on a prorated basis, based on the number of days remaining in the billing period on the effective date of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the effective date of termination. (\*The daily rate is calculated by dividing the annual fee by 365).

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with fifteen days' written notice.

### **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as annual IRA fees to the custodian.

### **D. Compensation of Client Participation**

Neither SCIT, nor any representatives of SCIT receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, SCIT may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

SCIT generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

### ***Minimum Account Size***

There is an account minimum of \$1,000,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

SCIT will not select any outside portfolio managers for management of this wrap fee program. SCIT will be the sole portfolio manager for this wrap fee program.

#### ***1. Standards Used to Calculate Portfolio Manager Performance***

SCIT will use industry standards to calculate portfolio manager performance.

#### ***2. Review of Performance Information***

SCIT reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed annually and is reviewed by SCIT

## **B. Related Persons**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and ACM will not select any related persons as portfolio managers for this wrap fee program.

## **C. Advisory Business**

SCIT offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

### ***Wrap Fee Portfolio Management***

SCIT offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SCIT creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SCIT evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

### ***Performance-Based Fees and Side-By-Side Management***

Qualified clients will pay an annual fee of 1.20% of assets under management along with a 20.00% performance fee based on capital appreciation. If the client's portfolio rises in value, the client will pay 20.00% on that increase in value, but if the portfolio drops in value, the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a "high water mark."

The high water mark will be the highest value of the client's account on the last day of any previous quarter, after accounting for the client's deposits or withdrawals for each billing period.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. This service may be canceled with 15 days' notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the Investment Advisory Contract up to and including the day of termination.

SCIT manages accounts that are billed on performance based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance based fees. Managing both kinds of accounts at the same time presents a conflict of interest because SCIT or its supervised persons have an incentive to favor accounts for which SCIT and its supervised persons receive a performance-based fee. SCIT addresses the conflicts by ensuring that clients who have performance based accounts do not receive preferential treatment. SCIT provides best execution practices and upholds its fiduciary duty for all clients.

Clients that are paying a performance based fee should be aware that investment advisors have an incentive to invest in riskier investments when paid a performance based fee due to the higher risk/higher reward attributes.

### ***Services Limited to Specific Types of Investments***

SCIT generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs, treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities and venture capital funds. SCIT may use other securities as well to help diversify a portfolio when applicable.

### ***Client Tailored Services and Client Imposed Restrictions***

SCIT offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### ***Wrap Fee Programs***

SCIT sponsors and acts as portfolio manager for this wrap fee program. SCIT manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than non-wrap fee. The fees paid to the wrap account program will be given to SCIT as a management fee.

### ***Amounts Under Management***

SCIT has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	December 2016



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

SCIT's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. SCIT uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

SCIT uses long term trading, short term trading and short sales.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## ***Material Risks Involved***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in

stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Risks of Specific Securities Utilized***

SCIT's use of short sales generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** Commodities- are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Non-U.S. securities**- present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Short sales** risks include the upward trend of the market and the infinite possibility of loss.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Voting Client Proxies***

SCIT will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 7: Client Information Provided to Portfolio Managers**

SCIT is the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by SCIT. As that information changes and is updated, SCIT will have immediate access to that information once collected.

## **Item 8: Client Contact with Portfolio Managers**

SCIT places no restrictions on client ability to contact its portfolio managers. SCIT's representative, Hong Zheng can be contacted during regular business hours and contact information is on the cover page of Hong Zheng's Form ADV Part 2B brochure supplement.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither SCIT nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither SCIT nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Neither SCIT nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

#### ***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

SCIT does not utilize nor select other advisors or third party managers. All assets are managed by SCIT management.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### ***Recommendations Involving Material Financial Interests***

SCIT does not recommend that clients buy or sell any security in which a related person to SCIT or SCIT has a material financial interest.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of SCIT may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SCIT to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. SCIT will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of SCIT may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SCIT to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, SCIT will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Client accounts are reviewed at least quarterly only by Hong Zheng, CCO. Hong Zheng is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at SCIT are assigned to this reviewer.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

SCIT does not receive any economic benefit, directly or indirectly from any third party for advice rendered to SCIT clients.

### ***Compensation to Non – Advisory Personnel for Client Referrals***

SCIT does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### ***Balance Sheet***

SCIT does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither SCIT nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### ***Bankruptcy Petitions in Previous Ten Years***

SCIT has not been the subject of a bankruptcy petition in the last ten years.