

# **Emperor Tree Capital (Cayman) Ltd.**

(Part 2A of Form ADV)

## **Firm Brochure**

**103 South Church Street**

**Grand Cayman KY1-1002**

**Cayman Islands**

**[www.emperortree.com](http://www.emperortree.com)**

This brochure provides information about the qualifications and business practices of Emperor Tree Capital (Cayman) Ltd. If you have any question about the contents of this brochure, please contact us at: +86(21)5028 0199, or by email at: [compliance@emperortree.com](mailto:compliance@emperortree.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 Emperor Tree Capital (Cayman) Ltd. Also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

July 1<sup>st</sup>, 2016

## Table of Contents

Advisory Business.....	1
Firm Description.....	1
Principal Owners.....	1
Types of Advisory Services.....	1
Management of Private Fund.....	1
Fees and Compensation.....	2
Management Fee.....	2
Other Fees and Expenses.....	2
Performance-Based Fees.....	4
Types of Clients.....	5
Description.....	5
Account Minimums.....	5
Disciplinary Information.....	6
Other Financial Industry Activities and Affiliations.....	6
Methods of analysis, Investment Strategies and Risk of Loss.....	7
Investment objective.....	7
Investment strategies.....	7
Investment restrictions.....	7
Leverage.....	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Code of Ethics.....	9
Participation or Interest in Client Transactions.....	10
Client Privacy.....	10
Personal Trading.....	10
Brokerage Practices.....	11
Soft dollar arrangements.....	11
Review of Accounts.....	12
Periodic Reviews.....	12
Review Triggers.....	12
Custody.....	13
Account Statements.....	13
Investment Discretion.....	13
Voting Client Securities.....	14
Financial Information.....	14

# **Advisory Business**

## **Firm Description**

Emperor Tree Capital (Cayman) Ltd. was founded in 2015 by two partners, Linda Ma and Kaige Liang. The company is an investment management company, currently managing a segregated portfolio-- Emperor Tree Global Macro Fund SP, and planning to start its investment advice service to affluent individual clients and investment institutions in the future.

## **Principal Owners**

Linda Ma and Kaige Liang own 30% and 70% of the company respectively.

## **Types of Advisory Services**

Emperor Tree Capital (Cayman) Ltd. provides tactical asset management services for individual and institutional clients, and plans to start investment advisory business in the future.

## **Management of Private Fund**

At present, Emperor Tree has the business of Management for Private Fund, managing a segregated portfolio-- Emperor Tree Global Macro Fund SP. As of May 30th, 2016, Emperor Tree Capital (Cayman) Ltd. manages approximately \$3 million in assets on a discretionary basis.

# **Fees and Compensation**

As currently Emperor Tree Capital (Cayman) Ltd. only manages one fund--Emperor Tree Global Macro Fund SP, the fees and compensation below are in according with the Private Placement Memorandum of Emperor Tree Global Macro Fund SP.

## **Management Fee**

Emperor Tree Capital (Cayman) Ltd. will receive a Management Fee, out of the assets of the Portfolio, of one-twelfth (1/12) of 2 per cent per month of the Net Asset Value of the Class A Shares (before deduction of that month's Management Fee and before making any deduction for any accrued Performance Fee) as at the last Valuation Day in each month. No Management Fee is payable in respect of the Class B Shares.

The Management Fee will be payable in US Dollars monthly in arrears. If the Emperor Tree Capital (Cayman) Ltd. is not acting as Manager for an entire month, the Management Fee payable for such month will be prorated to reflect the portion of such month in which the Emperor Tree Capital (Cayman) Ltd. is acting as such.

The Management Fee will be paid to Emperor Tree Capital (Cayman) Ltd. as soon as reasonably practicable after the end of each month.

## **Other Fees and Expenses**

The Portfolio under management will bear all expenses related to its investment programme, including (i) brokerage commissions, (ii) expenses related to buying and selling securities, including any issue or transfer taxes chargeable in connection with any securities transactions, (iii) interest on borrowings, including borrowings from any prime broker and borrowing charges on securities sold short, (iv) expenses incurred by the Investment Manager in connection with the Portfolio, and (v) fees and expenses of any custodian, escrow agent, administrator and other investment related service providers appointed by the Company in respect of the Portfolio.

All the costs of the operation and management of the Portfolio will be paid out of the assets of the Portfolio. To the extent that any fees and expenses incurred by the Company do not relate to a specific segregated portfolio, such

fees and expenses will be apportioned between the segregated portfolios and be charged by the administrator monthly.

## Performance-Based Fees

Emperor Tree Capital (Cayman) Ltd. will also be entitled to receive a Performance Fee, out of the assets of the Portfolio, calculated on a share-by-share basis so that each Class A Share is charged a Performance Fee that is fairly attributable to that Class A Share's performance. This method of calculation ensures that: (i) any Performance Fee paid to the Emperor Tree Capital (Cayman) Ltd. is charged only to those Class A Shares which have appreciated in value above the High Water Mark; (ii) all holders of Class A Shares have the same amount of capital per Class A Shares at risk in the Portfolio; and (iii) all Class A Shares have the same Net Asset Value per Share. No Performance Fee is payable in respect of the Class B Shares.

For each Calculation Period, the Performance Fee in respect of each Class A Share will be equal to 20 per cent of the appreciation in the Net Asset Value per Class A Share during that Calculation Period above the High Water Mark. The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value per Class A Share before deduction for any accrued Performance Fee. The Performance Fee will be calculated as at each Valuation Day.

The Performance Fee will be paid to the Emperor Tree Capital (Cayman) Ltd. in arrears as soon as reasonably practicable after the end of each Calculation Period.

If Class A Shares are redeemed during a Calculation Period, the Performance Fee in respect of such Class A Share will be calculated as though the relevant Redemption Day was the end of a Calculation Period. An amount equal to any Performance Fee in respect of such Class A Share will be paid to the Emperor Tree Capital (Cayman) Ltd. as soon as reasonably practicable after the relevant Redemption Day. In the event of a partial redemption, Class A Share will be treated as redeemed on a first in, first out basis for the purpose of calculating the Performance Fee.

If the Investment Management Agreement is terminated during a Calculation Period, the Performance Fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

# Types of Clients

## Description

Emperor Tree Capital (Cayman) Ltd. currently only manages the segregated portfolio--Emperor Tree Global Macro Fund SP of Emperor Tree Global Fund SPC.

## Account Minimums

For the product under management, the minimum client subscription amount is \$500,000. Minimum subscription amount can change in the future.

## **Disciplinary Information**

Emperor Tree Capital (Cayman) Ltd. is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Emperor Tree Capital (Cayman) Ltd. does not have any required disclosures to this Item.

## **Other Financial Industry Activities and Affiliations**

Emperor Tree Capital (Cayman) Ltd. has no arrangements or affiliations with any registered broker-dealers; commodity merchants or traders; or accounting, law or insurance firms. Emperor Tree Capital (Cayman) Ltd. is the shareholder of Emperor Tree Global Fund SPC, and Ling MA and Kaige LIANG are also the directors of Emperor Tree Global Fund SPC.



# **Methods of analysis, Investment Strategies and Risk of Loss**

As Emperor Tree Capital (Cayman) Ltd. currently works as the Emperor Tree Capital (Cayman) Ltd. of Emperor Tree Global Macro Fund SP, and may work as the Emperor Tree Capital (Cayman) Ltd. of other funds of Emperor Tree Global Macro Fund SPC, the investment objective, strategies, restrictions and leverage are all applied to these funds.

## **Investment objective**

The investment objective of Emperor Tree Capital (Cayman) Ltd. is to generate capital appreciation by employing a global macro investment strategy. However, there can be no assurance that the investment objective will be achieved.

## **Investment strategies**

Emperor Tree Capital (Cayman) Ltd. will seek to achieve the investment objective by making investments including, without limitation, long and short positions in various equity, fixed income, currency, and futures markets, based primarily on overall economic and political views with respect to various countries.

The Company has flexibility to invest in a wide range of instruments including, but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter. The Company may engage in short sales, margin trading, hedging and other investment strategies. The Company may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to the investment objective.

## **Investment restrictions**

The following investment restrictions will apply in respect of the investment of

the assets of the Emperor Tree Global Macro Fund SP:

- (a) not more than 20 per cent of the latest available Net Asset Value of the Fund will be invested in the securities of any one issuer;
- (b) the assets of the Fund will not be invested directly in real property or physical commodities;
- (c) not more than 30 per cent of the Net Asset Value of the Fund will be exposed to any single industry; and
- (d) not more than 20 per cent of the Net Asset Value of the Fund will be exposed to the creditworthiness or solvency of any one counterparty (other than any Prime Broker).

The above restrictions will apply as at the date of the relevant transaction or commitment to invest. Accordingly the restrictions will not be breached, and changes will not have to be effected, if any limits are exceeded merely because of any appreciation or depreciation in the value of any investment or because of changes in exchange rates. However, no further relevant investments will be acquired until the limits are again complied with. In the event that the Emperor Tree Capital (Cayman) Ltd. breaches any of the above restrictions, the Emperor Tree Capital (Cayman) Ltd. will take such steps as it considers appropriate to rectify the breach, taking due account of the interests of the Shareholders, but shall not be under any further liability in respect of the breach.

Although the Fund will generally make direct investments, the above restrictions will not prevent the Fund from investing indirectly through one or more wholly-owned subsidiaries or other vehicles where the Emperor Tree Capital (Cayman) Ltd. considers that this would be commercially beneficial and/or tax efficient and/or provide the only practicable means of access to the relevant instrument or strategy.

## **Leverage**

When deemed appropriate, Emperor Tree Capital (Cayman) Ltd. may employ leverage in respect of the Portfolio for working capital and/or as part of the investment strategies. Such leverage may include, without limitation, borrowing cash, securities and other instruments, purchasing futures and entering into derivative transactions and repurchase agreements. The Company may pledge assets of the Portfolio as security for borrowings. The use of leverage will increase the risk of an investment in the Portfolio. The total leverage in the Portfolio will not normally exceed 1000 per cent of the latest Net Asset Value of the Portfolio.

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

## **Code of Ethics**

Emperor Tree engaged in the business of discretionary investment management and advising clients, which may include other investment vehicles, in the purchase and sale of securities and financial instruments. In managing other clients' assets or advising other clients, the Emperor Tree may use the information and trading strategies which it obtains, produces or utilises in the performance of services in respect of the Portfolio.

Emperor Tree may have conflicts of interest in managing the assets of the Portfolio because its compensation for managing and/or advising other investment vehicles or accounts may exceed its compensation for managing the assets of the Portfolio, thus providing an incentive to prefer such other investment vehicles or accounts. Moreover, if Emperor Tree makes trading decisions in respect of such investment vehicles or accounts and in respect of the Portfolio at or about the same time, the Portfolio may be competing with such other investment funds or accounts for the same or similar positions. Emperor Tree will endeavour to allocate all investment opportunities on a fair and equitable basis between the Portfolio and those other investment vehicles and accounts.

Emperor Tree and/or any of their associates may invest, directly or indirectly, in assets which may also be purchased or sold for the account of the Portfolio. None of Emperor Tree or any of its associates shall be under any obligation to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction.

The Portfolio has been established and promoted at the request of the Emperor Tree. Accordingly the selection of Emperor Tree and the terms of its appointment, including the fees and compensation payable under the Investment Management Agreement, are not the result of arms-length negotiations.

Emperor Tree has adopted a Code of Ethics that is predicated on the principle that Emperor Tree owes a fiduciary duty to its clients. Accordingly, Emperor Tree's employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times Emperor Tree Capital (Cayman) Ltd.

Emperor Tree must place client interests ahead of Emperor Tree's. Emperor Tree's employees must engage in personal investing that is in full compliance with Emperor Tree's Code of Ethics.

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

Emperor Tree Capital (Cayman) Ltd., its employees and related parties may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

## **Client Privacy**

## **Personal Trading**

Personal trading restrictions are covered in Emperor Tree Capital (Cayman) Ltd. compliance manual and the annual compliance meeting. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

# Brokerage Practices

## Soft dollar arrangements

Emperor Tree may receive goods or services from a broker or a dealer in consideration for directing transaction business for the account of the Portfolio to such broker or dealer provided that (i) the goods or services are of demonstrable benefit to the Portfolio, and (ii) the transaction execution is consistent with best execution standards and the brokerage rates are not in excess of customary full service brokerage rates.

Goods and services may include research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, clearing and custodian services and investment-related publications. The goods and services which Emperor Tree receives will not include any goods and services prohibited from time to time by any code or guidelines issued by any relevant regulatory authority.

The Portfolio may be deemed to be paying for these services with “soft” dollars. Although Emperor Tree believes that the Portfolio will demonstrably benefit from the services obtained with soft dollars generated by trades, the Portfolio does not benefit from all of these soft dollar services. Emperor Tree and other accounts managed by Emperor Tree or its affiliates also derive substantial direct or indirect benefits from these services, particularly to the extent that Emperor Tree uses soft dollars to pay for expenses Emperor Tree would otherwise be required to pay itself.

The relationships with brokerage firms that provide soft dollar services to Emperor Tree may influence Emperor Tree’s judgement in allocating brokerage business and create a conflict of interest in using the services of those brokers to execute transactions. The brokerage commissions paid to those firms, will not, however, differ materially from, nor will they be in excess of, customary full brokerage commissions payable to other firms for comparable services.

# **Review of Accounts**

## **Periodic Reviews**

Investment security reviews are performed daily by the trading staff as part of the Investment Team. Portfolio allocations and trades are reviewed in the weekly Investment Team meeting and communicated monthly in a formal Investment Committee meeting attended by all the Wealth Managers (Client Advisors) in person or via internet capability.

## **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment and economic information, and changes in a client's own situation.

# **Custody**

## **Account Statements**

All trading accounts are held in custody by unaffiliated broker/dealers, such as DBS HongKong Bank for Emperor Tree Global Macro Fund SP, and Emperor Tree has no right to utilize money of clients without permission of the Administrator Apex. Apex sends statements directly to the clients on at least a quarterly basis. Clients should carefully review and compare these statements to any account information and reports provided by Emperor Tree.

## **Investment Discretion**

Emperor Tree Capital (Cayman) Ltd. has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for the accounts under management.

## **Voting Client Securities**

Emperor Tree does not vote any proxies on behalf of its clients and the client is ultimately responsible for collecting a proxy and submitting it in a timely fashion. However, clients could contact us if they have questions about a particular solicitation. Emperor Tree will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

## **Financial Information**

Emperor Tree is not required to provide a balance sheet, as Emperor Tree does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.