

**ITEM 1: COVER PAGE**



**CICC Wealth Management (USA), LLC Form ADV Part 2A “Brochure”**

280 PARK AVENUE, 32<sup>ND</sup> FLOOR

NEW YORK, NY 10017

Telephone: 1.646. 293.0916

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This brochure (“Brochure”) provides information about the qualifications and business practices of CICC Wealth Management (USA), LLC (“CICC WM USA” or the “Firm”), a registered investment adviser. If you have any questions about the contents of this Brochure, please contact us by telephone at (646) 293-0913 or by email at [odette.gafner@kraneshares.com](mailto:odette.gafner@kraneshares.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about CICC WM USA is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for CICC WM USA is 288711. CICC WM USA is registered as an investment adviser with the SEC. SEC registration does not imply a certain level of skill or training.

## ITEM 2: MATERIAL CHANGES

Below are the substantive changes, some of which may be deemed material, which have been made with respect to this brochure since it was annually updated by the Adviser in March 2019:

- 1) Item 1 has been updated with a corrected CRD number.
- 2) Item 3 has been updated to reflect new page references, where applicable.
- 3) Most items have been updated and refined to more closely align with the evolution of the Adviser's business, including:
  - a. Item 4: Assets Under Management, Investment Management Services, Model Portfolio Offerings, Third-Party Investment Managers and Ancillary Services.
  - b. Item 5: Investment Advisory Fee and payment schedule is explained. Added Investment Advisory fee range. Added description of additional Fees & Expenses.
  - c. Item 7: Increased minimum portfolio value from \$10,000 to \$100,000 (generally).
  - d. Item 8: Enhanced disclosure by adding different strategies and investment methodologies as well as related risks and potential conflicts of interest.
  - e. Item 10: Removed specific names and tickers of affiliated ETFs, added description of third-party service providers.
  - f. Item 11: Provided additional detail on the type of investments Access Persons can make under the Code of Ethics.
  - g. Item 12: Added details relating to best execution, order aggregation and trade errors.
  - h. Item 13: Details of account reviews and receipt of account statements and reports have been added.
  - i. Item 14: Updated in its entirety (Adviser previously did not have referral process in place).
  - j. Item 15: Section has been re-organized.
  - k. Item 16: Included examples of Adviser discretion, and potential for clients to request limitations on Adviser's authority.
  - l. Item 17: Added details on how Clients can vote proxies or designate a third-party to vote proxies on Client's behalf.

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Introduction**

CICC Wealth Management (USA), LLC (“CICC WM USA” or the “Firm”), a Delaware limited liability company, is registered as an investment adviser with the SEC with its principal place of business in New York, NY. CICC WM USA is a wholly-owned subsidiary of Krane Fund Advisors, LLC (“KFA”), which is also registered as an investment adviser with the SEC (CRD # 157103). While CICC WM USA and KFA share senior management teams, each has adopted a compliance manual which includes policies and procedures to govern its operations.

CICC WM USA was founded in 2017 under the name of Krane Portfolio Advisors LLC.

### **B. Advisory Services Offered by CICC WM USA**

CICC WM USA offers an array of investment advisory services ranging from financial planning to portfolio management services. CICC WM USA’s primary business is to manage assets for institutional clients, high net worth clients and retail investors by providing discretionary asset allocation services through separately managed accounts. CICC WM USA may also from time to time provide non-discretionary services to clients.

Prior to CICC WM USA rendering any of the foregoing services, CICC WM USA will enter into one or more written agreements with prospective client setting forth the relevant terms and conditions of the advisory relationship (each an “Investment Management Agreement”). Each investment company, institutional client, high net worth client or retail client that enters into an Investment Management Agreement is referred to herein as a “Client”). In connection with entering into an Investment Management Agreement, CICC WM USA and each Client will establish investment guidelines and restrictions to be adhered to in managing the Client’s portfolio.

### **C. Assets Under Management**

As of Dec 31, 2019, CICC WM USA had \$135,044 in assets under management, 100% of which were managed on a discretionary basis.

### **Investment Management Services**

CICC WM USA primarily manages Client investment portfolios on a discretionary basis. CICC WM USA primarily allocates Client assets, either directly or through the use of Model Portfolios (as defined below), among (i) equity securities, (ii) open-end or closed-end investment companies (including exchange traded funds, “ETFs”) or other collective investment funds, registered or non-registered, affiliated or unaffiliated, (iii) fixed income securities (and other debt instruments), (iv) restricted or privately placed securities, and/or (v) foreign currency transactions, in accordance with the Client’s stated investment objectives. Where appropriate, and as agreed in the applicable Investment Management Agreement, CICC WM USA may provide advice with respect to the management of legacy positions or other investments that were held in Client portfolios prior to entering into the Investment Management Agreement.

In order to enable CICC WM USA to provide Clients with an investment program that is consistent with their individual investment objectives, risk tolerance, and financial parameters, at the outset of a Client relationship, the Client is required to complete a Risk Tolerance Questionnaire (“RTQ”) or similar document containing questions about the Client including age, financial resources, investment goals, investment objectives, time horizon and risk tolerance. Clients may also indicate any special instructions or constraints for their assets in the RTQ. Based on its analysis of the information provided by the Client via the RTQ, CICC WM USA will provide the Client with a recommended portfolio of investments based on CICC WM USA’s established model investment portfolios (each a “Model Portfolio”). In recommending a Model Portfolio, CICC WM USA will rely on the information provided in the RTQ and such other information it may have about the Client; however, CICC WM USA is under no obligation to capture any additional information not covered in the RTQ in providing its investment advice.

Once CICC WM USA recommends a Model Portfolio, the Client will be provided an opportunity to review and discuss the recommendation with CICC WM USA. Upon being presented with a recommended Model Portfolio, the Client may: (i) approve and authorize CICC WM USA to implement the Model Portfolio; (ii) request that CICC WM USA modify the recommendation to address any specific modifications or restrictions identified by the Client; or (iii) reject the Model Portfolio. Clients are not required to implement the recommended model investment portfolio. Clients will also be given the opportunity to provide reasonable restrictions with regard to specific mutual funds, ETFs, or other securities, that should not be purchased for their portfolio or sold if held in their portfolio. Any reasonable restriction a Client may wish to impose regarding the management of their portfolio is subject to review and approval by CICC WM USA in its sole discretion. CICC WM USA will not accept any restrictions that it deems to be unreasonable, including any that are overly burdensome to implement or that it deems to be inconsistent with the Model Portfolio’s stated investment strategy or philosophy. Clients who choose to implement a restriction on their Model Portfolio may experience performance that is different from other Clients relying on the same Model Portfolio without (or with different) restrictions.

Based on monitoring a Client’s investments, risk/return forecasts for various asset classes and other information it deems appropriate, CICC WM USA may implement a change in a Client’s asset allocation, including a change to allocations of a Model Portfolio. The specific percentages allocated to each asset class through a Model Portfolio may vary due to the nature of asset performance and/or the investment strategy selected. It is CICC WM USA’s intent to maintain a risk exposure for each Client’s portfolio that is consistent with the Client’s investment objectives, risk tolerance, and financial parameters by using various portfolio construction tools, including the Model Portfolios available under the strategy selected by that Client.

The advisory services provided by CICC WM USA may vary as each solution is tailored to meet the needs of each individual Client. CICC WM USA monitors Client portfolios to confirm that they are managed in a manner consistent with the investment objectives, risk tolerance, and financial parameters of each Client, including any applicable Model Portfolio. CICC WM USA relationship managers (each a “Relationship Manager”) consult with Clients on an initial and periodic basis to assess any change to the information gathered in the RTQ, including any change in the Client’s investment objectives, risk tolerance, and financial parameters relevant to the management of the Client’s portfolio. Clients are advised to promptly notify CICC WM USA if there are changes in their investment objectives, risk

tolerance, and financial parameters or if they wish to place any limitations on the management of their portfolios.

From time to time, in addition to or in lieu of a Model Portfolio, and consistent with the applicable Investment Management Agreement, CICC WM USA may recommend that a Client maintain a designated percentage of its portfolio in alternative assets outside of a Model Portfolio. In the event that Client agrees to such allocation, CICC WM USA will manage such alternative investments.

Additionally, consistent with the applicable Investment Management Agreement, certain Clients may choose to have a self-directed portion of their portfolio. In such cases, CICC WM USA may provide advice only, and execute transactions through intermediaries at the direction of the Client.

### **Model Portfolios**

As part of its investment advisory services, CICC WM USA will from time to time recommend Model Portfolios either developed and maintained by CICC WM USA or made available by CICC WM USA through arrangements with third-party service providers.

Each Model Portfolio is an asset allocation model whose underlying allocations generally consist of individual ETFs, mutual funds, equity securities, fixed income securities and/or other investment products, including ETFs sponsored, advised or managed by one or more affiliates of CICC WM USA ("Affiliated ETFs"). Each Model Portfolio is built with a specific investment strategy and each is designed consistent with a specific risk tolerance level. For example, certain investment strategies are intended for investors who are seeking income generation, while others focus on market growth or the incorporation of alternative investments into their portfolio. Each Model Portfolio is designed to achieve specific investment strategies generally through allocations to ETFs, including Affiliated ETFs, in accordance with the target allocations established for the Model Portfolio. The Model Portfolios will not be limited to allocations to Affiliated ETFs; however, a Model Portfolio may be allocated up to 100% to Affiliated ETFs.

CICC WM USA or the applicable third-party provider may, from time to time, make updates to the allocations among asset classes included in a Model Portfolio. In the event of such an update to a Model Portfolio, CICC WM USA will evaluate whether the Model Portfolio continues to be appropriate for each applicable Client in light of their individual investment objectives, risk tolerance and financial parameters.

The Model Portfolios available as of the date of this brochure are:

- **Aggressive** – This investment strategy aggressively seeks long-term capital appreciation by investing in a broadly diversified global portfolio. It is designed for investors who want to maximize capital appreciation over a long-term investment horizon and have the resources to withstand the volatility inherent in equity investing. The strategy does not seek to provide current income.
- **Growth** - This investment strategy aggressively seeks to provide an allocation which is heavily weighted to equity securities with a modest investment in fixed-income securities for portfolio diversification. It is designed for investors with a desire for portfolio appreciation with modest current income as a secondary objective. Investors should have a long-term investment time horizon and be willing to take on risk in pursuit of better returns.

- **Moderate** - This investment strategy includes both equity and fixed income securities, with a greater weighting to equities. It is designed for investors with a need for both portfolio appreciation and current income. Investors should have a mid to long-term investment time horizon and be willing to take on some risk in pursuit of better returns.
- **Conservative** - This investment strategy seeks to provide portfolio growth with current income by investing in a combination of both equity and fixed income securities in similar weights. This strategy is designed for investors who desire capital appreciation balanced with income and portfolio stability.
- **Preservation** - This investment strategy seeks to provide principal protection by investing primarily in fixed-income securities. This strategy is designed for investors with little or no tolerance for principal volatility and who are willing to accept lower returns in exchange for increased stability.

### **Use of Third-Party Investment Managers**

CICC WM USA Relationship Managers are typically authorized to select and retain one or more third-party investment managers and/or investment management programs (collectively referred to as “Independent Managers”) to provide active discretionary asset management for all or part of a Client’s portfolio. The Model Portfolios offerings provide access to third-party investment managers and third-party funds. CICC WM USA will only delegate management of all or a portion of the Client’s portfolio to an Independent Manager when it determines such a delegation to be consistent with Client’s investment objectives, risk tolerance, and financial parameters. Such delegations may be made to Independent Managers through established separately managed account programs maintained by the Independent Manager or otherwise.

Once an Independent Manager has been selected and retained on behalf of the Client, CICC WM USA shall have no authority to place orders for the purchase or sale of any securities or other assets under the discretion of such Independent Manager, or to select the broker-dealers or other counterparties with which such transactions may be effected. Client acknowledges that the Independent Manager has such authority and that Adviser will have no responsibility or obligation in that regard.

When delegating investment management discretion to an Independent Manager, the Adviser or Client will enter into a separate sub-advisory agreement with the Independent Manager, which sets forth the terms and conditions of the arrangement. Clients may incur additional fees for services provided by Independent Managers.

### **Ancillary Services**

CICC WM USA may also provide additional ancillary services to Clients. These ancillary services may include Art and Lifestyle Salons, US Real Estate Market Access, US Education Counseling, Elite Network Development Opportunities, Tax and Accounting Expertise, Financial Planning and Investment Education Seminars, Estate and Trust Planning, and Insurance services.

## **ITEM 5: FEES & COMPENSATION**

Under the terms of each Investment Management Agreement with a Client, CICC WM USA generally charges the Client an investment advisory fee based on a percentage of the Client's assets under management (the "Fee"). The Fee charged to each Client is subject to negotiation by CICC WM USA and the Client; however, CICC WM USA currently expects to charge Clients a Fee ranging from 0.60% to 1.25% per annum, depending on the size and composition of the Client's portfolio, the type of services rendered and the Client relationship as a whole. Such Fees may include breakpoints or tiers based on the Client achieving different asset levels.

CICC WM USA may, in its sole discretion, negotiate to charge a greater or lesser Fee to a Client based upon the facts and circumstances of the Client relationship, including anticipated future assets, anticipated earning capacity, total dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy Client relationship, account retention and pro bono activities.

Each Client should refer to their Investment Management Agreement for a detailed Fee schedule.

The annual Fee is generally payable quarterly in advance at the annual rate based on the ending balance on the last day of the preceding quarter, based on the actual number of days in the quarter and a 365-day year. The Fee is payable within 30 days after the end of each quarter end. Fees are generally paid by Client authorizing the Client's custodian to deduct payment and deliver it to CICC WM USA. Fees will be prorated upon opening the account and upon terminating the account.

No increase in the Fee payable by a Client shall be effective without prior written agreement of the Client. Other fee arrangements may be implemented with prior approval of the Client.

Additionally, CICC WM USA reserves the right to negotiate a specific fee for any asset management services provided to a Client by CICC WM USA with respect to Client assets (e.g., held-away assets, accommodation accounts, alternative investments, etc.) that are not part of CICC WM USA's normal investment advisory services. Such fees may differ from the fee rates and terms described above.

### **Administrative Services Provided by Third Parties**

CICC WM USA has contracted with unaffiliated third-party vendors to utilize technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing Client accounts. Under these arrangements, the unaffiliated third-party vendors will have access to Client account data. CICC WM USA and the vendors are non-affiliated companies. The vendors may charge CICC WM USA an annual fee for these services. The fees charged to the Client will not increase due to the fees paid to such vendors.

### **Additional Fees and Expenses**

In addition to the investment advisory fee paid to CICC WM USA, Clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and/or other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed by securities that the Client's portfolio is invested in, including



fees charged by the mutual funds or ETFs in the Client's account (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. CICC WM USA's brokerage practices are described at length in Item 12, below.

Clients will generally provide the custodian authority to pay CICC WM USA and/or certain Independent Managers by permitting the custodian to directly debit a Client's accounts for payment of such fee. The Financial Institutions that act as the qualified custodian for client accounts have agreed to send statements to Clients at least on a quarterly basis detailing all account transactions, including any fees paid to CICC WM USA.

It is the Client's responsibility to verify the accuracy of all fee calculations. Client is asked to acknowledge that the custodian will not determine whether the fees are accurate or properly calculated based on terms in the Investment Management Agreement.

#### **Use of Margin**

CICC WM USA may be authorized to use margin in the management of the Client's investment portfolio. In this case, the fee payable will be assessed net of margin such that the market value of the Client's account and corresponding fee payable by the Client to CICC WM USA will not be increased.

#### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to CICC WM USA's right to terminate an account. Additions may be in cash or securities provided that CICC WM USA reserves the right to liquidate any transferred securities or declines to accept particular securities into a Client's account. Clients may withdraw account assets on notice to CICC WM USA, subject to the usual and customary securities settlement procedures. However, CICC WM USA generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. CICC WM USA may consult with its Clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

CICC WM USA does not currently charge, accept or provide any services for performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of client assets).

### **ITEM 7: TYPES OF CLIENTS**

CICC WM USA may offer services to individuals (including high net worth individuals), business entities, banks, foundations, charitable organizations, trusts, estates, endowments, corporations, partnerships and other entities requiring investment advisory services.

Additionally, clients will be required to enter into an Investment Management Agreement with CICC WM USA and will be required to enter into a custodial agreement with either Charles Schwab or Interactive Brokers.

### **Minimum Account Value**

CICC WM USA generally imposes a minimum portfolio value of \$100,000 USD. CICC WM USA may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and pro bono activities. CICC WM USA only accepts clients with less than the minimum portfolio size if CICC WM USA determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. CICC WM USA may aggregate the portfolios of family members to meet the minimum portfolio size.

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

CICC WM USA employs multiple styles, managers, strategies and investment methodologies. CICC WM USA utilizes a broad range of investment solutions, including internal and external, in order to address a particular Client's needs and investment objectives.

For the Model Portfolios described above, CICC WM USA starts with annual capital market assumptions to establish projected return and risk by asset class. The capital market assumptions serve as input for the development of strategic asset allocation models which guide the long-term strategy. These asset allocation models may apply a tactical overlay to enhance returns during periods of market dislocation or to take advantage of mispriced securities. Once the final portfolio allocations are established, the security selection process populates the asset allocations with its appropriate holdings. Individual securities, funds, ETFs, investment managers, indexes and all other investment types are evaluated regularly to determine portfolio changes or replacements.

When evaluating investment opportunities, CICC WM USA may review several quantitative and qualitative factors. Through qualitative and quantitative due diligence and analysis of mutual funds, ETFs and other securities, CICC WM USA selects mutual funds, ETFs and other securities for use in Clients' portfolios. CICC WM USA chooses mutual funds, ETFs and other securities because of their transparency, liquidity, fee structure and diversification.

The mutual funds, ETFs and other securities CICC WM USA selects represent an array of investment characteristics across a broad range of categories, including but not limited to:

- Risk levels (conservative, moderate, or aggressive);
- Asset classes (micro-, small-, mid-, and large-cap U.S. equities, fixed income, real estate, commodities, international, equities and fixed income);
- Style Factors (momentum, minimum volatility, size);
- Industries (healthcare, defense, consumer); and/or

- Social beliefs (sustainability, millennials, water focused, environmentally focused).

In CICC WM USA's due diligence and analysis process, CICC WM USA analyzes the mutual funds', ETFs' or other securities' fees and performance using historical market data, risk metrics and other benchmarks.

As part of the analysis and review process, CICC WM USA may add, remove, re-categorize or replace a mutual fund, ETF or securities included in a Model Portfolio. In the event a mutual fund, ETF or other security is removed from a Model Portfolio and replaced with another substantially similar investment, CICC WM USA will instruct the custodian to liquidate Client positions in such mutual fund, ETF or other security to cash at the next portfolio rebalancing and/or as soon as practicable. In addition, CICC WM USA employs multiple investing styles ranging from preservation strategies to growth strategies.

### **Risk Considerations**

General Investment Risks – The information provided herein and in other information available to current and prospective clients should not be the sole basis of an investment decision. A Client's own personal financial situation should be considered before making an investment decision or electing to participate in any manner with CICC WM USA. The information and materials made available herein are not a substitute for the exercise of independent judgment and expertise.

Performance – CICC WM USA does not provide any advice or recommendations — let alone any guarantees — regarding the future performance that may be experienced by any Client or the performance of any particular portfolio selection. Clients should understand that any investments made involve substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Further the riskiness of any particular investment may fluctuate depending on circumstances. Clients may not get back the amount initially invested. High volatility and/or the lack of deep and active liquid markets for a security may prevent Clients from selling his or her securities at all, or at an advantageous time or price. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear. When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses.

Market Risk - The price of any security or the value of an entire asset class may decline for a variety of reasons outside CICC WM USA's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events, among other things. If a Client has a high allocation in or exposure to a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client's account to underperform relative to the overall market.

Investment Risk - CICC WM USA's judgment, models or investment decisions with respect to selection of specific Model Portfolio and/or Independent Managers will not necessarily be beneficial to any particular Client and may not produce the intended results. Indeed, CICC WM USA's judgment may prove to be incorrect and it may inhibit a Client from achieving his or her investment objectives. CICC

WM USA may also make future changes to the algorithms it uses and services that it provides. In addition, it is possible that CICC WM USA or Clients themselves may experience computer equipment failure, loss of internet access, viruses, or other similar events.

Investment Company Risk - When investing in other investment companies, including those advised, sponsored or otherwise serviced by affiliates of CICC WM USA, the investor will indirectly be exposed to the risks of investments by such funds. Moreover, the investor may incur its pro rata share of the underlying funds' expenses. CICC WM USA is subject to conflicts of interest in allocating investor assets to underlying funds that are advised, sponsored or otherwise serviced by CICC WM USA and/or its affiliates. To the extent that investments are made in investment companies or other pooled investment vehicles that are not registered pursuant to the 1940 Act, including foreign investment companies, such investments will not be under the purview of the 1940 Act.

Liquidity and Valuation Risk - High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling his or her securities at all, or at an advantageous time or price because a Client's broker-dealer (as described further in Item 12 below) may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios.

Credit Risk - Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences, including impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities. Whereas some Model Portfolio allocations may seek to limit credit risk by investing in ETFs, such registered funds are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer. Furthermore, certain funds and products may involve higher issuer credit risk because they are not structured as registered funds.

Legislative and Tax Risk - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulations; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities, changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations (particularly for ETFs dealing in natural resources). CICC WM USA does not engage in financial or tax planning, and in certain circumstances, a Client may incur taxable income on his or her investments without a cash distribution to pay the tax due.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with U.S. investments. The risks are likely to be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors

not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

Inflation, Currency, and Interest Rate Risks - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks.

Algorithmic Trading – CICC WM USA may rely on computer models, data inputs and assumptions. Statistical investing models, such as those used by CICC WM USA, may rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager could have been able to avoid.

Cybersecurity Risks – CICC WM USA and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions or otherwise impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose CICC WM USA to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While CICC WM USA has established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Clients may share sensitive personal and financial information with CICC WM USA, including credit card, bank account, or other financial information and there is a significant risk — as with all similar enterprises — that such information may be improperly obtained by other third parties.

Liquidity Risk-The risk that a Client takes when implementing investment strategies requiring the need to sell investments on short notice and resulting in a loss of principal in order to maintain the desired liquidity.

Equity-Related Risks – The prices of equity securities will rise and fall. These price movements may result from factors affecting individual companies, industries, or the securities market as a whole. Individual companies may report poor results or be negatively affected by industry and/or economic trends and

developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity market tends to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Large-Cap and Mid-Cap Risks – Large-cap and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap U.S. stocks fall behind other types of investments— bonds or small-cap stocks, for instance—the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

Small-Cap and International Risks – Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and/or international stocks fall behind other types of investments—U.S. large- and mid-cap stocks, for instance—the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

Fixed Income Risks – Bond markets rise and fall daily, and fixed income investments, which generally also include instruments with variable or floating rates, are subject to various risks. When interest rates rise, bond prices usually fall. The longer the duration of a bond, the more sensitive to interest rate movements its value is likely to be. A decline in the credit quality of a fixed income investment could cause the value of a fixed income product to fall. High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks. High-yield securities may be considered speculative.

Government Securities Risks – Many U.S. government securities are not backed by the full faith and credit of the United States government, which means they are neither issued nor guaranteed by the U.S. Treasury. Certain issuers of securities, such as the Federal Home Loan Banks, maintain limited lines of credit with the U.S. Treasury. Securities issued by other issuers, such as the Federal Farm Credit Banks Funding Corporation, are supported solely by the credit of the issuer. There can be no assurance that the U.S. government will provide financial support to securities of its agencies and instrumentalities if it is not obligated to do so under law.

Infrastructure Risks – Infrastructure-related investments are subject to a number of unique risks. These investments may be concentrated into a small number of projects, resulting in a high degree of risk with respect to each project. Further, these investments are often subject to foreign and emerging market risks.

Timing Risk –The risk that a Client takes when trying to buy or sell a stock based on future price predictions. Timing risk is the potential for missing out on beneficial movements or suffering from adverse movements in price due to poor timing. This could cause harm to the value of your portfolio because of purchasing at a price that is too high or selling at a price that is too low.

Tax Risks – CICC WM USA does not provide any advice with respect to potential tax payments Clients may be required to make based on their returns on investments. Clients should consult their tax advisers for advice regarding potential tax liabilities that may result from their investments.

Limitations of Disclosure – The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

### **Use of ETFs in the Model Portfolios**

The Model Portfolios are typically allocated to ETFs, including Affiliated ETFs. ETFs are generally open-end investment companies or unit investment trusts regulated by the 1940 Act, whose shares are listed on a national securities exchange. In many cases, an ETF attempts to achieve a return similar to a set benchmark or index, and its value is dependent on the value of the underlying assets held by the ETF. ETFs are subject to investment advisory and other expenses which may result in a layering of fees for Clients. ETFs may trade for more or less than their net asset value and the performance can deviate from the underlying index or benchmark due to fees, expenses, management, market volatility and other factors. ETFs have exposures to various asset categories, including equities, fixed income, currencies, and international markets, and specific sectors, among others. Therefore, the underlying securities held by an ETFs will have different risks.

Each ETF pays investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and/or other customary fees and expenses, as set forth in the ETF prospectus. Please consult the applicable ETF's prospectus for more information about such fees and expenses and fund-specific risks.

The risks of owning an ETF generally reflect the risks of owning the underlying securities. ETFs can trade at discounts or premiums to the net asset value of their underlying investments, which could cause a portfolio to experience an unanticipated loss. As a shareholder of an ETF, a portfolio would bear its pro rata portion of the ETF's expenses, including advisory fees. These expenses would be in addition to the fees and other expenses that a portfolio bears directly in connection with certain of its own operations. Although shares representing interest in ETFs are bought or sold on a stock exchange, such shares cannot be purchased or redeemed directly from the ETF provider except in large creation or redemption units by institutions that sign an agreement to become authorized participants or market makers.

### **Model Portfolio Conflicts of Interest**

CICC WM USA or a third-party provider may use Affiliated ETFs in the Model Portfolios. As a result, a Model Portfolio may include Affiliated ETFs notwithstanding the fact that there may be a similar ETF with a higher rating, lower fees and expenses, or substantially better performance. Additionally, CICC WM USA and its affiliates will indirectly benefit from investments made based on the Model Portfolios through fees paid by the Affiliated ETFs to an affiliate of CICC WM USA for advisory, administrative and other services.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of CICC WM USA or the integrity of management. Neither CICC WM USA nor any of its associated persons has been involved in any legal or

disciplinary events during the prior ten years that would be material to a Client's evaluation of CICC WM USA or its management.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

CICC WM USA is affiliated with the following companies due to common ownership and/or control:

i. Krane Funds Advisors, LLC

Krane Funds Advisors, LLC ("Krane Funds Advisors") (CRD # 157103) is a registered investment adviser that, as of 03/29/2020 sponsors and manages seventeen publicly traded ETFs that are registered under the Investment Company Act of 1940 (collectively, the "Krane ETFs"). Krane Funds Advisors also manages one Hong Kong listed ETF and three UCITS vehicles, which including listings on the Irish Stock Exchange and London Stock Exchange. Krane Funds Advisors is also a Commodity Pool Operator as registered with the National Futures Association (NFA ID 0475512).

ii. China International Capital Corporation Limited

In October 2019, Krane Funds Advisors entered into a strategic partnership with China International Capital Corporation (USA) Holdings Inc. (a wholly owned subsidiary of China International Capital Corporation Limited) ("CICC USA Holdings"), pursuant to which CICC USA Holdings owns 50.1% of Krane Fund Advisors. As a result, CICC USA Holdings is an indirect majority owner of CICC WM USA.

CICC WM USA engages with the following companies and service providers:

iii. Charles Schwab / Interactive Brokers

CICC WM USA has entered into an Investment Advisor Service Agreement with Charles Schwab and Interactive Brokers which describes the terms of the relationship and services offered by each of these custodians to CICC WM USA. See item 12 for additional detail.

iv. Envestnet

Turn-key asset management program (TAMP) with fully integrated technology platform used for client reporting capabilities, portfolio rebalancing and administration, billing administration, financial planning and other tools.

v. Wealthshield

Provides support to CICC WM USA's portfolio management team by helping perform third-party manager research and due diligence, build client models across multiple size segments and support the development of alternatives investment platform.

viii. Piermont Bank

A chartered, full-service commercial bank and depository institution. Piermont Bank is in the business of offering deposit accounts, issuing debit cards and providing processing, support and management services related to various banking and card products.



CICC WM USA has entered into an arrangement with Piermont Bank whereby CICC WM USA may refer Clients to Piermont Bank, and Piermont Bank may provide banking services to such Clients. Among the services offered to CICC WM USA Clients by Piermont Bank is access to checking and savings account services, including the option to have a debit or credit card co-branded with the CICC WM USA name and logo. No Client is under any obligation to use the Piermont Bank services, and Clients are informed of their right to patronize any bank. CICC WM USA is not compensated by Piermont Bank for any referral made.

#### **ITEM 11: CODE OF ETHICS**

CICC WM USA has adopted a Code of Ethics (“Code”) in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”), which is applicable to all of its employees, members, managers, and officers (collectively, “Access Persons”). The Code sets forth certain key guidelines and specifies the responsibility of all Access Persons to act in accordance with their fiduciary duty to Clients and to comply with applicable federal and state laws and regulations. The Code precludes activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. CICC WM USA and its Access Persons are prohibited from engaging in any fraudulent, deceptive or manipulative conduct. The Code includes, among other things, provisions concerning the confidentiality of Client information, a prohibition on insider trading, restrictions on giving or receiving gifts, and personal securities trading procedures of Access Persons, including reporting obligations. Under the Code, Access Persons are required to file certain periodic reports with the CCO as required by Rule 204A-1 under the Advisers Act. All Access Persons must acknowledge the terms of the Code annually, or if materially amended. CICC WM USA and its Access Persons owe a duty of loyalty, fairness and good faith towards all Clients and have an obligation to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code.

CICC WM USA Access Persons are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that CICC WM USA recommends or acquires for a Client’s account, and may engage in transactions that are the same as or different from transactions recommended to or made for a Client’s account. This creates a conflict of interest. CICC WM USA recognizes the fiduciary responsibility to act in your best interest and have established policies to mitigate such conflicts of interest.

#### **ITEM 12: BROKERAGE PRACTICES**

CICC WM USA does not select brokers on behalf of its Clients. Rather, all brokerage transactions are conducted through a custodian (see Item 13 below). CICC WM USA does not direct the custodian as to which broker is to be used and does not direct brokerage transactions to brokers who provide research services in return for commissions that exceed those charged by other brokers. CICC WM USA does not have any soft dollar arrangements and does not receive any soft dollar benefits.

For CICC WM USA Client accounts maintained by a custodian, the custodian generally does not charge the Client separately for custody services. Instead, the custodian is compensated by charging commissions or other fees on trades that it executes on a Client’s behalf or that settle into a Client’s

account. Certain trades (for example, many mutual funds and ETFs) may not incur brokerage commissions or transaction fees.

The commissions and/or transaction fees charged by the custodian may be higher or lower than those charged by other Financial Institutions. The commissions paid by CICC WM USA Clients to the custodians comply with the CICC WM USA's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness.

### **Order Aggregation and Block Trades**

Each custodian's trade aggregation and trade allocation policies and procedures are designed to provide for the fair and equitable treatment of Clients with respect to aggregation and allocation of investment opportunities among different accounts and different products and to ensure that the financial interests of each custodian are not favored over Clients and Client accounts.

Trade aggregation is permitted by each custodian's policies to the extent such aggregation is in the best interest of each participating Client and the allocation of completed trades is made among participating accounts in a fair and equitable manner provided such aggregation is consistent with the duty to obtain best execution.

### **Trade Errors**

Trade errors in Client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our Clients. In cases where a Client causes the trading error, the Client will be responsible for any loss resulting from the correction. In all situations where the Client does not cause the trading error, the Client will be made whole, and CICC WM USA will absorb any loss resulting from the trading error if the error was caused by CICC WM USA. If the error is caused by the broker/dealer, the broker/dealer will be responsible for covering all trade error costs.

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

### **Account Reviews**

CICC WM USA monitors Client portfolios on a periodic basis while account reviews are conducted on at least an annual basis. Such reviews are conducted by Relationship Managers and include a review of client services and/or recommendations. Changes in the Client's investment objectives, risk tolerance and financial parameters and/or changes in the information on the RTQ will be reviewed accordingly.

CICC WM USA's Relationship Managers regularly review client accounts and periodically rebalance client portfolios with the intent to maintain each Client's desired risk profile and approved asset allocation, including adherence to any applicable Model Portfolio.

The frequency of reviews will depend upon the complexity of the accounts, the nature of the advisory recommendations, changes in tax or market conditions, clients' preference, as well as other conditions and material changes to the Client's situation. All Clients are encouraged to discuss their needs, goals and objectives with CICC WM USA and to keep CICC WM USA informed of any changes thereto.

### **Account Statement and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. Clients may also receive written or electronic reports from an outside service provider on a quarterly basis, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from CICC WM USA or any outside service provider.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

In the event a Client is introduced to CICC WM USA by a third-party, CICC WM USA may pay that entity a referral fee in accordance with applicable state securities laws. If the Client is introduced to CICC WM USA by a third-party, such entity will be required to provide the Client with CICC WM USA's written brochure(s) and a copy of a disclosure statement containing the terms and conditions of the solicitation arrangement, if applicable. Any referrals made by an affiliate must include the nature of the affiliation and must be disclosed to prospective clients at the time of the solicitation.

### **ITEM 15: CUSTODY**

CICC WM USA does not maintain custody of any Client assets, funds or securities on which we advise. Each Client is required to maintain their portfolio with an unaffiliated, qualified custodian (each a "custodian"), which is generally a broker-dealer or bank. Factors which CICC WM USA considers in presenting a custodian to prospective clients include the custodian's respective financial strength, reputation, execution, pricing, research and services.

CICC WM USA requires that Client assets be custodied at Charles Schwab & Co., Inc. (referred to herein as "Charles Schwab"), a registered broker-dealer, member SIPC, or Interactive Brokers LLC (referred to herein as "Interactive Brokers"), a registered broker-dealer (CRD # 36418) as the qualified custodian. Clients will be required to enter into an account agreement directly with Charles Schwab or Interactive Brokers ("Custodial Agreement"). While CICC WM USA will not open the account for the Client, CICC WM USA may assist Client in doing so.

Clients will receive quarterly account statements from their custodian, detailing all account transactions, including any amounts paid to CICC WM USA.

The Investment Management Agreement and/or the Custodial Agreement a Client enters generally authorize CICC WM USA (and/or the Independent Managers) to debit Client accounts for payment of CICC WM USA's fees (and/or Independent Manager underlying fees) and to directly remit those fees to CICC WM USA (and/or the Independent Managers) in accordance with applicable custody rules.

As discussed in Item 13, Clients may also receive periodic supplemental reports from their custodian. Clients should carefully and promptly review all statements received directly from the custodian and, where applicable, compare them to those received from other service-providers, including CICC WM USA.

#### **ITEM 16: INVESTMENT DISCRETION**

CICC WM USA may be given the authority to exercise discretion on behalf of Clients. CICC WM USA is considered to exercise investment discretion over a Client's account if it can affect and/or direct transactions in Client accounts without first seeking Client consent.

CICC WM USA is authorized to have discretionary authority as granted by the Client to CICC WM USA per the terms in the Investment Management Agreement. As a result, CICC WM USA will not be required to provide notice to, or consult with, or seek the consent of Clients, prior to engaging in transactions.

Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

CICC WM USA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

#### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of policy and practice, CICC WM USA does not have any authority to vote and does not vote proxies on behalf of Clients. Clients either vote their own proxies or designate an independent third-party to vote proxies at Client's own discretion. Clients may designate proxy voting authority to their custodian in the Custodial Agreement. Clients must confirm that proxy materials are sent directly to their current address or to the Client's assigned third party. CICC WM USA does not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at +1 (646) 293 0916.

#### **ITEM 18: FINANCIAL INFORMATION**

CICC WM USA is not aware of any financial condition that is reasonably likely to impair its ability to meet its commitments, and CICC WM USA has not been the subject of a bankruptcy proceeding during the past ten years.