

# **BEIJING PHOENIX JINXIN INVESTMENT MANAGEMENT CO. LTD**

**BEIJING PHOENIX JINXIN INVESTMENT MANAGEMENT CO., LTD BUILDING 18,  
COURTYARD 18, ZIYUE ROAD, CHAOYANG DISTRICT, BEIJING 100012 PHONE: +86 (400)  
076-1166**

## **FORM ADV PART 2A BROCHURE MARCH 2020**

This Form ADV, Part 2A (“Brochure”) provides information about the qualifications and business practices of Beijing Phoenix JinXin Investment Management Co. Ltd. (“JinXin” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at Building 18, Courtyard 18, Ziyue Road, Chaoyang District, Beijing 100012, or by calling +86 (400) 076-1166. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about JinXin also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or interests in any of the privately offered investment funds advised by JinXin. An offer of interests in such funds can be made only through the offering materials for the relevant fund and only in jurisdictions in which such an offer would be lawful.

The oral and written communications of an investment adviser provide you with information which may be used to determine whether to hire or retain an investment adviser. Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration with the SEC does not imply or guarantee that a registered adviser has achieved or its employees possess a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

**Item 2 Material Changes**

This Brochure has been amended since our last update of April 1, 2019 to revise our disclosures concerning Methods of Analysis, Investment Strategies and Risk of Loss (Item 8), and to make other minor updates, as deemed appropriate.

### Item 3 Table of Contents

Item 1 Cover Page

.....  
1

Item 2 Material Changes ..... 2

Item 3 Table of Contents ..... 3

Item 4 Advisory Business ..... 4

Item 5 Fees and Compensation ..... 10

Item 6 Performance-Based Fees and Side-By-Side Management ..... 12

Item 7 Types of Clients ..... 14

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss ..... 15

Item 9 Disciplinary Information ..... 20

Item 10 Other Financial Industry Activities and Affiliations ..... 20

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading 21

Item 12 Brokerage Practices ..... 23

Item 13 Review of Accounts ..... 26

Item 14 Client Referrals and Other Compensation ..... 26

Item 15 Custody ..... 27

Item 16 Investment Discretion ..... 27

Item 17 Voting Client Securities ..... 28

Item 18 Financial Information ..... 29

## **Item 4 Advisory Business**

### **A. Description**

Beijing Phoenix JinXin Investment Management Co. Ltd (“JinXin” or the “Firm”) is designated as a limited liability company in China. JinXin is one of the Phoenix Finance group companies (“Phoenix Finance”). Phoenix Finance is a leading FinTech company that was formed in China in 2014, and specializes in small business and other consumer lending, as well as online wealth management for high net worth investors. Phoenix Finance has CNY 65 billion (approximately USD 10 billion) total transaction value and CNY 19 billion (approximately USD 3 billion) asset under management as of December 31, 2019. JinXin is 100% owned by Phoenix Finance.

JinXin was established in 2016, as a subsidiary of the Phoenix Finance. JinXin aims to provide professional wealth management and financial planning services primarily to Chinese and American investors.

### **B. Advisory Services**

As further described below, JinXin offers the following four types of investment advisory services: (1) robo-advisor services for managed account clients, (2) traditional investment advisory services for managed account clients, (3) fund management services for private funds and (4) educational services.

#### **Robo-Advisor Services**

JinXin offers robo-advisor services to separately managed accounts based on the individual goals, objectives, time horizon and risk tolerance, of each client, as well as considerations relating to such client’s age, job, position, income and other similar factors, as answered by clients on client questionnaires. Responses to such questionnaires are generally the sole basis for JinXin’s investment advice. However, information collected outside the questionnaire may, but is not required to be, considered when developing a client’s Investment Policy Statement. JinXin creates an “Investment Policy Statement” for each client based on information provided by the client about the client’s current financial situation (income, tax levels, risk tolerance levels, etc.).

Based on a client’s Investment Policy Statement, JinXin selects a strategy to trade a client’s account, unless a client selects multiple strategies offered on JinXin’s platform or authorizes JinXin to select multiple strategies. In the alternative, a client can independently select strategies offered on JinXin’s platform to trade their account. Once a strategy is

selected to trade a client's account, JinXin will discretionally manage the account by implementing the specific strategy selected. JinXin will seek to notify a client if JinXin thinks a particular strategy selected by a client might not be in the best interests of the client based on their Investment Policy Statement. However, a client is ultimately free to select which strategy is to be used to trade their account. Clients must give JinXin 30 days' prior notice before seeking to stop a strategy from trading their account. Any requests to alter the strategy initially selected to trade a client's account may be granted only in the sole discretion of JinXin.

In order to trade client accounts pursuant to the robo-adviser strategy selected, JinXin obtains discretionary trading authority from clients to select investments and execute transactions without permission from the client prior to each transaction. JinXin generally limits its investment advice pursuant to the robo-adviser trading strategies to mutual funds, fixed income securities, real estate funds (including REITs), equities, private funds, ETFs and non-U.S. securities. JinXin may make other investments as well to help diversify holdings as deemed appropriate in its sole discretion. The strategy employed may change the specific investments that comprise a particular allocation without notice to clients, and clients cannot exclude specific investments from inclusion.

Each trading strategy used to trade client accounts is based on algorithms that are developed and maintained by third parties. JinXin makes such trading strategies available to clients via its platform. JinXin's strategy platform hosts an array of trading strategies to select from based on a client's Investment Policy Statement or a client's individual trading intentions. Each strategy will generally have a different combination investment objectives, time horizon, risk tolerances and target investments. The algorithm underlying a given strategy will generate recommended investments and a client's account will be traded and rebalanced by the algorithm. JinXin will maintain ultimate discretion, however, to override the algorithm used to manage a client account. For instance, JinXin might halt trading or take other temporary defensive measures in stressed market conditions, although it has no obligation to do so.

A key risk inherent in the use of an algorithm to manage client accounts is that the algorithm might rebalance client accounts without regard to market conditions or on a more frequent basis than a client might expect. Another risk is that the applicable algorithm might not address current or prolonged changes in the market conditions. There is also the risk that sudden changes in market conditions may cause an algorithm to respond in a manner that results in negative affects following a market correction.

There is further risk that an algorithm or strategy could be terminated at any time if JinXin believes the algorithm/strategy provided by third party cannot implement best execution or is not otherwise suitable or appropriate for client, or otherwise in JinXin's sole discretion. In such an occurrence, the client would be required to withdraw from that algorithm or strategy, or otherwise terminate advisory service and self-manage the account.

As mentioned previously, algorithms used to trade client accounts are based on trading strategies that are not developed by JinXin. Rather, such strategies are developed by third parties that are generally unrelated to JinXin. These third parties are responsible for the development, management and ownership of the algorithms selected to manage clients' accounts. The management of such algorithms by third parties might result in various conflicts of interest. For instance, an algorithm may seek to direct clients into products in which the third party earns a fee. In addition, if the third party is compensated based on the performance of an account, the third party might be inclined to engage in riskier investments in order to seek to increase the potential profitability of the account. See also Performance-Based Fees and Side -By-Side Management – Conflict of Interest. Although JinXin will seek to take necessary procedures to protect any algorithms and strategies on JinXin's platform, any such algorithms or strategies are capable of being decrypted by use of backward induction by a party who holds the same position as JinXin's client, which might cause conflict of interest.

In the case of accounts managed via a robo-adviser strategy, there is no to little human oversight and management of individual accounts. Instead the third party programmers, and in rare instances JinXin, oversee the program but generally do not monitor individual client accounts. The algorithms may not perform as intended for a variety of reasons, including but not limited to incorrect assumptions, changes in the market, and/or changes to data inputs. The third party programmers may modify periodically these algorithms, or a computer system's code or underlying assumptions, and these changes may have unintended consequences. Additional information regarding relevant considerations for clients considering an automated digital investment advisory program (sometimes referred to as a "robo advisor") is contained in the Investor Bulletin from the Securities and Exchange Commission available at [https://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_robo-advisers.html](https://www.sec.gov/oiea/investor-alerts-bulletins/ib_robo-advisers.html).

On at least an annual basis, clients are asked to update their initial client questionnaire so that JinXin can determine if the selected strategy is still

appropriate for the client's needs. JinXin's recommendations are highly dependent on receiving accurate information from clients. If clients provide JinXin with inaccurate information or fail to update promptly the information provided to JinXin when it changes, it could materially impact the quality and applicability of JinXin's recommendations.

If the strategy is not deemed by JinXin to still be appropriate, JinXin may recommend that the client implement a new strategy, engage in different advisory services, cease being a client or similar alternatives. Clients are also asked to update JinXin immediately upon any major change in the client's financial or other relevant life circumstances.

The use of any robo-adviser strategy offered to clients by JinXin is not meant to serve as comprehensive financial or tax plan. Such strategies are instead offered to advise clients on how to achieve discrete financial goals. JinXin's recommendations will typically not be based on specific assets or liabilities that clients hold outside of JinXin, including external accounts. Clients should be aware that there may be different services and tools available to them depending on the means by which they are interacting with JinXin, such as via mobile phone or computer. JinXin may also change its questionnaires and interfaces without notice to clients.

### **Traditional Investment Advisory Services**

JinXin serves as a traditional investment adviser to separately managed accounts. In this regard, its separately managed accounts generally follow the same portfolio construction process as each other. However, in its sole discretion, JinXin may also customize an investment portfolio in accordance with a client's risk tolerance and investment objectives, including reasonable restrictions on investing in certain securities or types. For example, clients may specify in their "Investment Policy Statement," which outlines each clients' current situation (income, tax levels and risk tolerance), as discussed above in connection with JinXin's robo-adviser services, that investments in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrict or prohibit transactions in the securities of a specific industry or issuer, including socially responsible investment restrictions. Once we construct an investment portfolio, we monitor the performance of each client's portfolio on an ongoing basis and rebalance the portfolio as deemed required by changes in market conditions. JinXin obtains discretionary authority from clients in order to select investments and execute transactions without permission from the client prior to each transaction. JinXin generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, private funds,

exchange-traded-funds (“ETFs”) and non-U.S. securities. JinXin may make other investments as well to help diversify holdings as deemed appropriate.

### **Fund Management Services**

JinXin intends to serve as the investment adviser to one or more private funds. An intended investment strategy of such funds will be to purchase P2P loans issued by companies like LendingClub, Prosper and other Fintechs, but the investment strategy may vary between funds. Each private fund will likely have different investment features, which may include varying levels of management and/or performance fees, withdrawal rights, investment guidelines such as socially responsible investment restrictions, investment minimums, investor qualification standards and liquidity terms. This Brochure should not be considered an offering document for any such private funds, and investors should refer to a specific private fund’s offering memorandum or organizational documents for a complete description of that fund, including its types of investments and strategies, risks, conflicts of interest, fees and expenses. We tailor our investment advisory services for a private fund to such fund’s overall investment program, and not to the needs of any underlying investor therein. The governing documents for the private fund and/or the investment advisory agreement, if applicable, govern JinXin’s advisory services provided to a private fund. The governing documents will likely provide that the private fund may be dissolved upon JinXin’s dissolution, withdrawal from the private fund or resignation as the investment adviser. The private funds will likely be exempt from registration as an investment company under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended (the “Company Act”).

### **Educational Services**

JinXin may offer various educational services to the public free of charge, such as offering free demos, educational newsletters and seminars, and similar financial planning related services and tools.

### **Allocation Policy**

JinXin seeks to ensure that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of JinXin’s economic, investment or other financial interests. To meet its fiduciary obligations, JinXin attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain clients. Accordingly, JinXin’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its



clients to avoid favoring one client over another over time. It is JinXin's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### **Third Party Programmers/Advisers**

JinXin has discretion to choose third party programmers or advisers to manage all or a portion of a client's assets. Before selecting third party programmers or advisers for clients, JinXin seeks to ensure that such other programmers/advisers are properly licensed or registered as an investment adviser or are otherwise exempt. JinXin also conducts due diligence on any third party programmer or adviser, which may involve one or more of the following: phone calls, meetings and review of the third party's performance, investment strategy and other materials. Such investments may be allocated either through the third party adviser's fund or through a separately managed account, or similar structure, or managed by such third party programmer on behalf of JinXin's client. A license agreement or power of attorney may be used. JinXin may also allocate among one or more private funds or private fund advisers. JinXin will review the ongoing performance of the third party programmer or adviser.

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

In connection with its traditional investment advisory services, JinXin generally offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's Investment Policy Statement. Clients may, for instance, impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent JinXin from properly servicing the client's account, or if the restrictions would require JinXin to deviate from its standard suite of services, JinXin reserves the right to end the relationship.

In connection with its robo-adviser services, JinXin offers trading programs that are tailored to each individual investor based on their Investment Policy Statement or as otherwise selected by the investor.

### **D. Wrap Fee Programs**

JinXin does not participate in any wrap fee programs. A wrap fee program is an investment program where the investor pays one stated fee that

includes management fees, transaction costs, fund expenses and other administrative fees.

#### **E. Assets Under Management**

JinXin has the following assets under management:

Discretionary Amounts	Non-discretionary Amounts	Date Calculated
\$0	\$0	December 31, 2019

### **Item 5 Fees and Compensation**

#### **A. Fee Schedule**

##### **Separately Managed Account Fees**

In connection with both its traditional advisory services and robo-adviser services, qualified clients will pay an annual management fee of up to 2% of an investor's assets under management. These fees are generally negotiable and the final fee schedule is included as part of the client's individual investment advisory contract. Management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis, or may be invoiced and billed directly to the client on a monthly basis. Clients may select the method in which they are billed. Fees are paid in arrears. The timing, frequency and method of paying fees for the selection of third party programmers/managers will depend on the specific third party programmer/adviser selected.

##### **Fund Management Services**

We may also advise private funds. The rates at which our fees are charged will vary across our private funds and, as to a particular fund, may also vary across investment options available to investors. As compensation for our investment management services to these entities, we will generally receive an annual management fee of up to 2% of the applicable entity's net assets. Certain funds may offer lower management fees in exchange for longer lock -up periods or otherwise. In addition, some investors may pay lower management fees than other investors based on the amount of assets invested in a fund. The fees and expenses applicable to each private fund are to be described more fully in such fund's private offering memorandum and/or organizational documents.

Management fees for funds may be paid monthly or quarterly and may be paid in advance or arrears. We may receive a prorated portion of the management fee with respect to interests in a fund issued at any time other than the beginning of any quarter or redeemed prior to the end of

any quarter or performance period. Any prepaid but unearned fees will be refunded. We reserve the right to apply a different management fee to different investors and to waive any management fee in whole or in part for particular investors in our discretion, including principals and employees of JinXin. Any third party fees may be in addition to fees paid to JinXin.

### **Additional Fees and Expenses**

As part of our investment advisory services, we may invest, or recommend that a client invest, in mutual funds, ETFs, private funds or other investments that include an additional layer of fees. The fees that a client pays to our Firm for investment advisory services are separate and distinct from the fees and expenses charged by such investments to their investors. These fees will generally include a management, custodial and transfer agent fees and other fund expenses. Our fees are exclusive of brokerage commissions, custodial fees, transaction fees and other investment related costs and expenses. These charges and fees are typically imposed by the broker-dealer or custodian through whom client account transactions are executed. Please refer to Item 12 for a description of broker-dealer related considerations.

The private funds and separately managed accounts may also be subject to administrative, legal, audit and other professional expenses, including certain software and other licensing costs. We do not expect share in any portion of these commissions, fees and expenses. For further information on additional fees and expenses, please refer to the applicable private fund or offering documents or advisory agreement for a separate account client. Client costs and expenses are the responsibility of, and may be paid directly by, the applicable client. However, where we have the ability to do so in respect of our clients, we may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases we are entitled to reimbursement from the client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients which may include clients which do not bear any responsibility for such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata or in such other manner as we deem appropriate. We may directly bear the responsibility for the portion of such shared costs and expenses otherwise allocable to clients which benefit from, but which are not directly responsible for, such shared costs and expense.

## **Selection of Other Advisers/Robo-Adviser Fees**

JinXin will receive its fees listed above, and such fees will not be increased to cover any fees separately charged by any third party for managing an account/developing a trading program. This relationship and related fees will be memorialized in each contract between JinXin and each third party programmer/adviser.

### **B. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by JinXin. Please see Item 12 of this Brochure regarding broker-dealer/custodian.

### **C. Prepayment of Fees**

In connection with its advisory services, JinXin collects its fees in arrears. In connection with the funds that it manages, JinXin may collect its fees in advance or in arrears.

### **D. Outside Compensation For the Sale of Securities to Clients**

Neither JinXin nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

### **Separately Managed Account Fees**

In connection with both its robo-adviser services and traditional advisory services, clients will annually pay up to a 20% performance fee based on capital appreciation. These fees are generally negotiable and the final fee schedule is included as part of a client's individual advisory contract. If a client's portfolio rises in value, the client will pay the given performance rate on that increase in value (sometimes with a hurdle rate). In some cases, if the client's 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." In such cases, 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. Clients must pay the prorated performance-based fees for the billing period in which

they terminate their advisory contract up to and including the day of termination.

### **Fund Management Services**

In connection with our intended management of private funds, we will generally receive performance-based fees for our services, ranging from 0% to 20% of net profits achieved, oftentimes over a traditional or modified high water mark. Performance allocations are generally made at the end of the fiscal quarter or year. Fees and allocations are deducted directly from investors' assets in the applicable private fund. Upon redemption, we generally receive a prorated portion of the performance-based fees with respect to interests in a fund through the end of the applicable quarter or performance period. Any prepaid but unearned fees will be refunded. We reserve the right to apply different performance-based fees to different investors and to waive any performance-based fees in whole or in part for particular investors in our discretion, including principals and employees of JinXin.

### **Conflict of Interest**

JinXin may manage accounts that incur performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) and accounts that do not incur performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because JinXin and/or its supervised persons have an incentive to favor accounts for which JinXin receives a performance-based fee. JinXin addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged over time due to the presence or absence of performance-based fees. JinXin seeks best execution where it is directing trades on behalf of its clients, and upholds its fiduciary duty for all clients. Clients paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

Performance-based fees may create an incentive for our Firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, performance-based fees, as well as asset-based fees, may vary among clients. Accordingly, clients are subject to conflicts of interest by the management of multiple accounts that follow similar or the same investment strategy. The conflict for the private funds presents itself at both the client and investor level. Such a conflict may create an incentive for us to favor one client over another (e.g. allocation of aggregated trades). JinXin has policies and procedures reasonably designed to seek to mitigate these conflicts. For

example, JinXin monitors such conflicts by implementing “best execution” and trade allocation procedures, as applicable, as well as by maintaining a Code of Ethics. See Items 11 and 12 below. All accounts within a particular investment strategy are generally managed in accordance with the same investment process, irrespective of fee structure.

Performance-based fees (as well as asset-based fees) also may create an incentive for our Firm to overvalue investments that lack a market quotation. Although we generally invest in securities that have a market quotation, to address this possible conflict, we have adopted policies and procedures that require our Firm to “fair value” any investments that do not have a readily ascertainable value.

## **Item 7 Types of Clients**

JinXin generally intends to provide advisory services to the following types of clients:

- Individuals
- Banking or thrift institutions
- Investment companies
- Pooled investment vehicles (other than investment companies and business development companies)
- Pensions and profit sharing plans (other than plan participants or government pension plan)
- Charitable Organizations
- State or municipal government entities (including government pension plans)
- Other investment advisers
- Insurance companies
- Sovereign wealth funds and foreign official institutions
- Corporations or other business not listed above

There is generally no account minimum for any of JinXin’s advisory services.

We also intend to offer investment advisory services to private funds that are not registered with the SEC as investment companies under the Company Act for investors similar to our advisory clients. Investment in the private funds generally requires a minimum investment, which varies based on the private fund; however, the manager or general partner of the fund may accept lesser amounts in its discretion. In addition, investment in the private funds is generally limited to “accredited investors” within the meaning of Regulation D under the Securities Act of 1933 (“Securities Act”) and “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act of 1940. Certain private funds may also require that investors

be “qualified purchasers,” as defined in Section 2(a)(51) under the Company Act. Each private fund’s private offering memorandum or organizational documents includes a complete discussion of the eligibility requirements applicable to that fund, including any applicable lockup period and other fund specific attributes.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

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

JinXin’s methods of analysis generally include fundamental analysis and modern portfolio theory, although JinXin may expand or reduce its methods of analysis in its sole discretion. Where accounts or strategies are managed by third party trading programs or advisers, such programs/advisers may employ any number of various strategies which may or may not include the strategies described below.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies and/or the analysis of management or competitive advantages. Fundamental analysis maintains that markets may incorrectly price an investment in the short run but that the “correct” price will eventually be reached. Profits can be made by purchasing the wrongly priced security and then waiting for the market to recognize its “mistake” and reprice the security.

**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.

### **Investment Strategies**

JinXin generally implements a short term trading strategy, but we may vary our strategy in our sole discretion. We may invest in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed. That being said, client assets typically will be invested in mutual funds, fixed income securities, real estate funds (including REITs), equities, private funds, ETFs and non-U.S. securities. In certain situations, we may seek to hedge the currency risk of our client’s non- U.S. investments, but we are not required to do so. Our investment strategies and advice may vary depending upon each client’s specific situation. As such, we determine investments and allocations based upon the stated objectives of each private fund and, in the case of separately managed accounts, each client’s investment objectives and risk tolerance. Any restrictions and guidelines may affect the composition of a client’s

portfolio. As further described above, we may engage third party programmers or advisers to employ various strategies and may have little or no control over the management of such strategies.

### **Risk of Loss**

Investing involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Each investment strategy also is subject to risks unique to itself. The risks below may apply depending on strategy type. Past performance is in no way an indication of future performance.

## **B. Material Risks Involved**

### **Methods of Analysis**

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

### **Investment Strategies**

**Short term trading** is designed to capture market rates of both return and risk. Due to its nature, the short- term investment strategy can expose clients to various 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.



**Selection of Other Advisers:** Although JinXin will seek to select only money managers who will invest clients' assets with the highest level of integrity, JinXin's selection process cannot ensure that money managers will perform as desired and JinXin will have no control over the day-to-day operations of any of its selected money managers. JinXin would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

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

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Fund** investment 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 are generally 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 such as 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.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may engage in risky strategies.

**Private equity funds** generally carry certain risks similar to hedge funds. In addition, capital calls can be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment. Portfolio related investment risk is also significant.

**Venture capital funds** carry many of the same risks as private equity investments. Venture capital funds invest in start-up companies at an earlier stage of development in the interest of generating a return through an eventual realization event; the risk is especially high as a result of the uncertainty involved at that stage of early development.

**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.

**Concentration risk** may exist to the extent JinXin may at times concentrate its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, although this concentration will not occur under normal market conditions. To the extent JinXin concentrates a client's investments in any of these ways, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

**Country risk** may exist to the extent that domestic events – such as political upheaval, financial troubles or natural disasters - may weaken a country's securities markets. Because we may invest a large portion of a client's assets in securities of companies located in any one country, performance may be disproportionately impacted by the poor performance of investments in a single country.

**Restricted or illiquid securities risk** may exist to the extent that JinXin may purchase securities subject to restrictions on resale. Restricted securities may be sold only pursuant to an exemption from registration under the Securities Act, or in a registered public offering. Where registration is required, the holder of a registered security may be obligated to pay all or part of the registration expense, and a considerable period may elapse between the time it decides to seek registration and the time at which it may be permitted to sell a security under an effective registration statement. Difficulty in selling such securities may result in a loss to the fund or cause it to incur additional administrative costs.

### **Natural Disaster and Epidemic Risk**

Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena, generally, as well as widespread disease, including pandemics and epidemics, have been, and can be, highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of Bleichroeder's investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the United States. These disruptions could prevent Bleichroeder from executing advantageous

investment decisions in a timely manner and negatively impact Bleichroeder's ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of investments with Bleichroeder.

**Adverse tax consequences** may result as our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of client assets. Regardless of client account size or any other factors, we strongly recommend that clients regularly consult with a tax professional prior to and throughout the investing of their assets.

**Derivatives instruments**, which may include without limitation, warrants, options, swaps, forward contracts and futures contracts, involve a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order to realize gains or limit losses.

**Past performance is not indicative of future results. Investing involves a risk of total loss that you, as a client, should be prepared to bear.**

#### **Item 9 Disciplinary Information**

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

#### **Item 10 Other Financial Industry Activities and Affiliations**

There are no material limitations on our ability to conduct any other business, including any business within the financial or securities industry, whether or not that business is in competition with any client.

JinXin and its members and employees will devote as much of their time to the activities of a particular client as they deem necessary and appropriate. JinXin and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities. These activities could be viewed as creating a conflict of interest in that the time and effort

of JinXin and its members and employees will not be devoted exclusively to the business of a particular client but will be allocated between clients.

JinXin has a referral relationship with Saxo Bank, whereby JinXin receives 0.5% of each transaction generated from clients referred by it to Saxo Bank. JinXin will not receive any such commissions, however, if such client becomes an advisory or private fund client of JinXin.

JinXin has discretion to choose third party programmers/advisers to manage all or a portion of client assets via a licensing agreement, power of attorney or otherwise. JinXin will always act in the best interests of its clients, including when determining which third party adviser or strategy to recommend to clients. JinXin will seek to ensure that all recommended programmers/advisers are licensed or notice filed in the states in which JinXin is recommending them to clients or are otherwise exempt.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

We have adopted a Code of Ethics, the full text of which is available to clients upon request. We strive to comply with the applicable laws and regulations governing our advisory services. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Firm's principals and employees. Provisions in the Code of Ethics relate to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other topics. Our goal is to protect our clients' interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All of our employees are expected to adhere strictly to these guidelines and must acknowledge their obligation to comply with the Code of Ethics annually. Our Code of Ethics also requires that employees submit reports of their personal account holdings and transactions to our Chief Compliance Officer ("CCO"), who will review these reports on a periodic basis.

Our Firm's principals and employees may serve as officers or directors of, or have similar positions with, companies in which client assets are invested. A list of those companies will be maintained by the CCO and delivered to each person covered by the Code of Ethics. To reduce the possibility that a transaction in a security of such a company might take place during a time when such person might be in possession of inside information, every transaction in a security of such a company, whether for a client account or a personal account, must be approved, in advance,

by the CCO. Transactions in such securities, if any, by the CCO must be approved, in advance, by a principal of JinXin.

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

As described above, we serve as the investment adviser to certain separately managed accounts and intend to serve as an adviser to private funds. Persons associated with our Firm may have significant investments in these investment vehicles. We advise, and may organize or advise in the future, investment vehicles that invest in similar or different investments. The management of these clients may conflict in some circumstances. For example, we may determine that an investment opportunity is appropriate for a particular client, but not for another. We may have different types of clients, including separate accounts and private funds, and our clients may be subject to different regulations. Clients may have different investment strategies, objectives and restrictions and may be subject to different terms. These terms include, but are not limited to, the following: investor lock-up periods, management and performance-based fees, liquidity terms, rights to receive information regarding the portfolio and such other rights as may be negotiated by investors or other accounts. As a result, we may have an incentive to favor one account over another when making investment decisions.

There may be instances when allocating investments among clients in which some clients may participate in certain opportunities while other clients may not. Where accounts have competing interests in a limited investment opportunity, we may not allocate investment opportunities pro rata among clients but rather allocate investment opportunities on the basis of numerous other considerations, including, without limitation, a client's cash flows, investment objectives and restrictions, participation in other opportunities, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings. Taking into consideration the conflicts of interest disclosed above, it is important to note that it is our policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client on a fair and equitable basis relative to our other clients.

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

In appropriate circumstances, consistent with our clients' investment objectives, we may cause certain client accounts to purchase or sell securities in which certain employees and/or our clients (including pooled investment vehicles referenced above) directly or indirectly have a position or interest. All employees are required to comply with our Code of Ethics prior to investing for their own accounts. The Code of Ethics is

designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. Under our Code of Ethics, personal securities transactions generally must be cleared with our CCO. However, certain classes of securities (including open ended mutual funds) and transactions (including non-volitional stock splits, etc.) are designated as exempt from pre-clearance requirements, based upon a determination that trading in these securities would not materially interfere with the best interests of our clients. There is a possibility that our employees or existing clients may benefit from market activity by another client. Personal trading is monitored under our Code of Ethics to reasonably prevent conflicts of interest with our clients.

#### **D. Trade Error Corrections**

Where the Firm has identified or been made aware of a trade error, this must be corrected as soon as reasonably practicable. The Firm has in place controls to identify trade errors. All trade errors are to be reported to management immediately upon being identified.

Upon identifying any such trade error, steps are taken in consultation with the CCO to rectify the error and, where appropriate, clients are notified of the details and the steps taken by the Firm. We do not use soft dollars to correct trade errors.

### **Item 12 Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker-Dealers**

We generally do not recommend any particular broker-dealers to our clients. However, if a client does not have a preference as to a particular broker-dealer, we may assist them in selecting one. In this regard, we generally seek to ensure that any broker-dealers we use to execute trades are doing so in a competitive fashion for our clients. Specifically, in using a broker-dealer to execute a transaction, we seek to obtain “best execution” for the affected client’s account, meaning a combination of the best net price and execution under the circumstances. If a client does not have a preference as to their broker-dealer, we generally seek to determine which broker-dealer we believe can provide best execution by taking into consideration various factors which include but are not limited to (i) the desired timing of the trade and the ability of the broker or dealer to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and the difficulty of execution), (iii) the financial strength,

reputation, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria and (vi) the nature and character of the markets for the security to be purchased or sold.

While we generally seek lower commission rates, payment of the lowest commission or spread is not necessarily consistent with obtaining best price and execution in particular transactions. We may pay higher commissions and/or trading costs than those that may be available elsewhere if we determine in good faith that the amount of such commission cost is reasonable in relation to the value of the services provided by the broker, although we do not accept any soft dollars.

### **1. Soft Dollar Practices**

In using a broker-dealer, we consider the value of additional brokerage products and services and other nonmonetary benefits a broker-dealer has provided or will provide to our clients and our Firm. We do not consider, however, the value of any soft dollars because we do not accept soft dollars.

### **2. Brokerage for Client Referrals**

JinXin receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Directed Brokerage**

JinXin generally does not encourage clients to use specific broker-dealers to execute transactions. If we do direct a client's brokerage, typically because the client does not have any preference, we may be unable to achieve the most favorable execution of client transactions. As a result, this practice might result in increased costs for investors.

Our clients generally instruct us to use particular brokers for the transactions in their accounts. When a client chooses to direct our Firm to use a particular broker, this prevents us from aggregating trades with other client accounts and from effectively negotiating brokerage commissions on their behalf. This practice may also prevent our Firm from



obtaining a more favorable net price and execution. Thus, when seeking to direct brokerage business, a client should consider the commission expenses, execution, clearance and settlement capabilities that they will obtain through their broker in comparison to those that we would otherwise obtain for them. We encourage clients to contact us to discuss their available alternatives.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

To ensure that accounts of all clients and portfolios are treated fairly in the event we place orders for the same security for more than one account at or about the same time, we may combine orders placed on behalf of clients, including advisory accounts in which our employees have an interest, for the purpose of negotiating brokerage commissions or obtaining a more favorable price. We seek to allocate investments across applicable client accounts in a manner that is fair and equitable on an overall basis to all such accounts. When appropriate, securities purchased or sold generally will be allocated to clients pro rata based on relative assets under management. However, we are not required to allocate on a pro rata basis if, in our sole discretion, we believe that another manner of allocating such investment is fair and equitable on an overall basis to all applicable clients under the circumstances, taking into account relevant characteristics of each applicable client. All participating accounts will pay or receive an average price when orders executed on the same day are combined.

Although the aggregation of trade orders is expected to benefit clients overall, aggregation may, in any circumstance, disadvantage a particular client. There may be circumstances in which we determine not to aggregate client trade orders that otherwise could have been aggregated or in which aggregation is not feasible. JinXin's discretionary clients and accounts where the client has elected to direct brokerage may trade the same securities at approximately the same time. In these circumstances, JinXin will seek to effect trading on behalf of its clients in a manner in which it believes is fair and equitable, although JinXin does not control the trading processes for clients who have directed brokerage and therefore such clients may receive less favorable pricing. To the extent that orders cannot be completed on the same day or require a lengthy trading cycle to complete, JinXin will seek to rotate orders among clients. Due to the nature of the trade rotation process, JinXin's discretionary accounts may obtain more favorable execution prices than directed brokerage clients or vice versa.

## **Item 13 Review of Accounts**

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

All client accounts for JinXin's advisory services provided on an ongoing basis are reviewed at least annually by Zhen Zhang, Chief Executive Officer of JinXin, and/or his finance team with regard to clients' respective investment policies and risk tolerance levels. All accounts at JinXin are assigned to this reviewer or a delegate. Clients are asked to complete an annual questionnaire concerning their financial situation, goals, risk tolerance, etc. on at least an annual basis. Clients are also required to report any material changes to their financial or life situation to JinXin immediately. JinXin will review client accounts in connection with any such updates.

### **B. 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), as discussed above.

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

Each client of JinXin's advisory services will receive a quarterly report detailing updates with respect to the client's account, including assets held, asset value and calculation of fees. This written report will come from the custodian or fund administrators.

For private fund investors, we will deliver audited written financial reports annually within 120 days after the end of each fiscal year. Such investors will also receive a quarterly letter detailing the private fund's performance. In addition, private fund investors will receive monthly unaudited written statements of their capital account balance from the administrator of the applicable fund. We will deliver to separately managed account clients written statements at least quarterly based on the custodian's accounting statements. Other information may be provided upon request to all or individual investors at the fund's sole discretion.

## **Item 14 Client Referrals and Other Compensation**

We do not compensate any persons for client referrals, nor do we receive any additional compensation beyond that already described in this Brochure.

## **Item 15 Custody**

We have the authority to cause certain client accounts to be debited directly for the payment of our advisory fees. This ability to deduct our advisory fees causes our Firm to exercise limited custody over funds or securities in such clients' accounts; however, we do not have physical custody of clients' funds or securities. Clients' funds and securities will be held with a bank, broker-dealer or other independent "qualified custodian" (as defined in the SEC's custody rule). We will send at least quarterly statements to separately managed account clients upon their request.

In our intended capacity as manager or general partner to certain private funds, we are deemed to have custody of such fund's assets. We will maintain the funds' cash and securities with a "qualified custodian" and provide investors in such funds with an annual audited financial statement within 120 days of the end of such fund's fiscal year. Such audits are to be conducted by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.

## **Item 16 Investment Discretion**

Our investment advisory agreements contain an authorization by which clients grant us discretion to make purchases and sales for their accounts without requiring us to obtain client consent or approval prior to each transaction, and to select the types and amounts of investments that we buy or sell for such clients' accounts, as well as the broker or dealer we should use to effect such transactions and the commission rates paid. However, in the case of a separately managed account, clients may specify their investment objectives and guidelines, select their portfolio strategies and impose certain reasonable conditions or investment parameters for their accounts. For example, clients may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or reasonable restrictions or prohibitions of transactions in the securities of a specific industry or security. In all cases, we exercise our discretion in a manner consistent with the investment objectives each client states for its account or as stated in a pooled investment vehicle's offering documents, as applicable. In the case of a separately managed account, we may ask clients to provide us with written investment objectives or guidelines or to confirm their objectives, guidelines or any trading restrictions when opening the account or at any time after we begin to manage the account.

## Item 17 Voting Client Securities

In connection with our separately managed account services, JinXin 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.

With respect to securities we may hold for the private funds, we have adopted proxy voting policies and procedures designed to satisfy our duties relating to proxy voting. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the funds, without regard to any other interests. The investors in our private funds may not direct our vote in a particular solicitation. We have adopted proxy voting policies and procedures designed to ensure that we vote proxies in the best interest of our clients. In light of our fiduciary duty to clients, and given the complexity of the issues that may be raised with proxy votes, JinXin may retain an independent third-party proxy voting service provider to assist it in coordinating, administering (including the maintenance of required records), processing and voting of certain client proxies. These services also include proxy voting recommendations and research.

JinXin does not delegate voting authority to a third-party proxy voting service provider. If it makes such delegation in the future, it may vote against any recommendation from the provider if it determines that doing so is in the best interests of the relevant client and otherwise is consistent with JinXin's Proxy Voting Policy and Procedures. At times, JinXin may not be able to vote proxies on behalf of clients when clients' holdings are in countries that restrict trading activity around proxy votes. We attempt to identify any conflicts of interests between your interests and our own interest within our proxy voting process. If we determine that JinXin or one of our employees faces a material conflict of interest in voting your proxy (e.g., an employee of JinXin may personally benefit if the proxy is voted in a certain direction), our procedures generally provide for the third-party proxy voting service provider as an independent party to determine the appropriate vote. We will use our best judgment to vote proxies in the best interests of our clients and will typically follow the recommendations of the third-party proxy voting service provider, if applicable. In the case of a conflict, we will seek to vote the proxy in the best interest of clients. Any of our clients, or any underlying investor in any of our clients, may request a copy of our proxy voting policy and procedures, as well as relevant information concerning how we voted client securities, by e-mail at [chaowei.fan@fengjr.com](mailto:chaowei.fan@fengjr.com).

**Item 18 Financial Information**

Item 18 is not applicable to us.