

## Item 1: Cover Page

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# Tenjin AI Capital Advisors LLC

Form ADV Part 2A Brochure

March 31, 2023

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This brochure provides information about the qualifications and business practices of Tenjin AI Capital Advisors LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Tenjin AI Capital Advisors LLC is a registered investment adviser, but registration does not imply a certain level of skill or training.

Additional information about Tenjin AI Capital Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and by searching for CRD# 311013.

## Item 2: Material Changes

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In this Item, Tenjin AI Capital Advisors LLC is required to identify and discuss material changes since the last time this brochure was updated. Since this brochure was prepared as part of Tenjin AI Capital Advisors LLC's initial application for registration as an investment adviser, there are no such material changes to identify or discuss.

This Brochure is dated March 31, 2023. Since the original filing of this document as part of Tenjin AI Capital Advisors LLC's initial application for registration as an investment adviser dated October 16, 2020, this Brochure notes revisions to the Firm's investment program as follows. a) Changes in Section 5, Fees and Compensation section where the fee ranges of the investment service tiers has been broadened. b) Changes in Section 6, Performance-based fee policy wherein previously there was no performance-based fee charged whereas now, optionally qualified clients may be charged a performance based fee by prior agreements c) Changes in Section 14 - Client Referrals and Compensation, where have outlined our compensation structure for our affiliates and clients for referring new clients. Above are the only material changes made. This filing may contain other changes and you are encouraged to review the entire filing.

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## Item 4: Advisory Business

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- A. Tenjin AI Capital Advisors LLC (hereinafter “TenjinAI”, “Adviser”, “Tenjin AI Capital”, “Tenjin Capital”, “Tenjin AI”, “Tenjin”, “TACA”, “we”, “us”, “our” or the “Firm”) is an investment adviser founded in 2020 and registered with the U.S. Securities and Exchange Commission as an “Internet Adviser” relying on rule 203A-2(e), and is principally owned by Shyam Sreenivasan and Sudeep Amin through Quantel AI, Inc.
- B. TenjinAI delivers its investment advisory services exclusively through an interactive website (the “TenjinAI Platform”) and offers three distinct services: (a) Investment Outlook/Research, (b) Non-Discretionary Investment Advice, and (c) Discretionary Investment Management.

Through its Investment Outlook/Research services, TenjinAI provides its outlook for certain stocks, exchange traded funds (ETFs) and mutual funds, along with its general market outlook. No API link to a client’s existing accounts is established, and TenjinAI does not render discretionary management services through the Investment Outlook tier; clients are simply provided with investment education and potential investment themes to pursue at the client’s sole and absolute election.

Through its Non-Discretionary Investment Advice services, TenjinAI establishes an API link to client’s existing accounts. Based on its analysis of client’s existing holdings as well as client-supplied investment objective, risk tolerance, and other suitability information, TenjinAI makes non-discretionary investment recommendations for clients to pursue at their sole and absolute election.

Through its Discretionary Investment Management services, TenjinAI sets up a new account for the client with its affiliate brokerage and/or establishes an API link to the client’s existing accounts. Based on its analysis of client’s existing holdings as well as client-supplied investment objective, risk tolerance, and other suitability information, TenjinAI thereafter manages the linked accounts on a discretionary basis.

TenjinAI typically provides investment advice with respect to limited types of investments, which include individual stocks, ETFs and mutual funds.

- C. Through all of its tiers, clients interact with TenjinAI solely through the TenjinAI Platform by accessing it securely through their web browser or a mobile application. Available investment strategies include styles of Growth, Value, Momentum, specific investment themes such as large brands, Electric Vehicles, ESG etc. and investments in sub-sectors based on a client’s specific goals, risk appetite, and other preferences that are analyzed by TenjinAI Platform analytical engine.
- D. TenjinAI does not participate in any wrap fee programs.

## Item 5: Fees and Compensation

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- A. TenjinAI is compensated for its advisory services by either flat fees or fees charged based on a client's assets under management with TenjinAI, depending on the particular services selected by the client. A client may select one or more services offered by the firm through TenjinAI platform.

The Investment Outlook tier is charged at a fixed rate ranging from \$4.99 - \$29.99 per month in advance (generally after a free promotional period as disclosed to the client at the time of engagement).

The Non-Discretionary Investment Advice tier is charged at an annual rate of 0.30% of a client's assets linked to the TenjinAI Platform or a fixed fee ranging from \$9.99-\$29.99/month, billed monthly in arrears (generally after a free promotional period as disclosed to the client at the time of engagement).

- B. The Discretionary Investment Management tier is charged at an annual rate that generally ranges between 0.5% and 2.0% of a client's assets linked to the TenjinAI Platform and managed with discretion by TenjinAI, billed monthly in arrears. The specific annual rate may be dependent on the particular portfolio(s) that TenjinAI is managing on behalf of the client, which may vary based on a client's investment objective, minimum investment amount, risk tolerance, and other suitability information. Because different portfolios may be charged at different annual rates, TenjinAI has a conflict of interest in that it is incentivized to recommend and manage portfolios that will result in higher compensation. TenjinAI addresses this conflict of interest by fully disclosing it in this brochure, by designing and maintaining the TenjinAI Platform such that recommended and managed portfolios are purely based on a client's investment objective, minimum investment amount, risk tolerance, and other suitability information, and by always acting as a fiduciary with the client's best interests in mind.

Generally, the Management Fee is not negotiable. However, TenjinAI in its sole discretion, may waive, reduce or modify the Management Fee at any time for new customers, without notice to or consent from any other customers.

- C. Fees are deducted monthly in advance or arrears based on the service tier as described above. Asset-based fees are based upon the market value of such assets managed by TenjinAI as of the last day of the calendar month.
- D. In addition to the fees charged by TenjinAI, clients will incur brokerage and other transaction costs. Please refer to Item 12: Brokerage Practices, for further information on such brokerage and other transaction-related practices. Clients will also typically incur additional fees and expenses imposed by independent and unaffiliated third-parties, which can include qualified custodian fees, mutual fund or exchange traded fund fees and expenses, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, check-writing fees, early-redemption charges, certain deferred sales charges on previously-purchased mutual funds, margin fees, charges or interest, IRA and qualified retirement plan fees, and other fees and taxes on brokerage accounts and securities transactions. These additional charges are separate and apart from the fees charged by the TenjinAI.
- E. If TenjinAI or client terminates the advisory agreement before the end of a monthly billing period, TenjinAI's fees will be prorated through the effective date of the termination. The pro rata fees for the remainder of the quarterly billing period after the termination will be refunded to clients for clients billed in advance. For clients that are billed in arrears, the pro rata fees earned through the effective date of the termination will be billed to the client.
- F. Neither TenjinAI nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

## Item 6: Performance-Based Fees & Side-By-Side Management

For qualified clients, TenjinAI may offer higher tiered accounts with access to specialized strategies with higher minimum investment requirements. For these accounts, TenjinAI may charge in its own discretion, an annual performance-based allocation ("Incentive Allocation"), ranging from 10% to 20%, on realized and unrealized income and gains of the account, subject to a high watermark, as described in the Offering Documents.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement in an effort to maximize a Client's gross profits and receive greater compensation.

In the event that the investment advisory relationship is terminated (or funds are withdrawn or redeemed) other than at the end of a performance allocation calculation period, such termination (or withdrawal or redemption) date shall typically be treated as the end of a performance allocation calculation period.

## Item 7: Types of Clients

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TenjinAI generally provides its services to individuals, high net-worth individuals, ultra-high net-worth individuals and corporations. TenjinAI does not have a minimum account value required to open or maintain an account. However, TenjinAI may require a minimum investment amount to invest in certain specialized strategies.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

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- A. The investment strategies used by TenjinAI when formulating investment advice or managing assets include risk-sensitive fundamental and quantitative data analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance does not guarantee future returns.
- B. Like any investment strategy, risk-sensitive fundamental and quantitative data analysis involves material risks. Such material risks are described in further detail below:
  - i. Investing for any duration means that a client's account will be exposed to short-term fluctuations in the market and the behavioral impulse to make trading decisions based on such short-term market fluctuations. As such, clients will be exposed to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.
  - ii. TenjinAI is wholly-dependent on its analytical engine and algorithms, the investment team that oversees its analytical engine and algorithms, as well as a client's inputs into such analytical engines and algorithms. The analytical engine and associated algorithms may not perform as intended for a variety of reasons, including but not limited to corrupted or inaccurate underlying code, incorrect assumptions, changes in the market environment, and/or changes to data inputs. Errors or failures of the analytical engine or algorithms will negatively affect the investment advice rendered, and could have unintended consequences with respect to a client's account(s).
- C. Investing in stocks means that clients will be subject to the ups and downs of the equity markets in general, as well as increases and decreases to the price of the stocks of the companies in which the client has invested. There is no guarantee that a particular company or its stock will perform as expected, and equities are generally riskier and have more volatility than fixed income securities like bonds. The value of the equity securities held as part of a strategy are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities.

Investing in mutual funds does not guarantee a return on investment, and shareholders of a mutual fund may lose the principal that they've invested into a particular mutual fund. Mutual funds invest into underlying securities that comprise the mutual fund, and as such clients are exposed to the risks arising from such underlying securities. Mutual funds charge internal expenses to their shareholders (which can include management fees, administration fees, shareholder servicing fees, sales loads, redemption fees, and other fund fees and expenses, e.g.), and such internal expenses subtract from its potential for market appreciation. Shares of mutual funds may only be traded at their stated net asset value ("NAV"), calculated at the end of each day upon the market's close.

Investing in ETFs bears similar risks and incurs similar costs to investing in mutual funds as described above. However, shares of an ETF may be traded like stocks on the open market and are not redeemable at an NAV. As such, the value of an ETF may fluctuate throughout the day and investors will be subject to the cost associated with the bid-ask spread (the difference between the price a buyer is willing to pay (bid) for an ETF and the seller's offering (asking price)).

Clients are encouraged to carefully read the prospectus of any mutual fund or ETF to be purchased for investment to obtain a full understanding of its respective risks and costs.



## Item 9: Disciplinary Information

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of TenjinAI's advisory business or the integrity of TenjinAI's management.

## Item 10: Other Financial Industry Activities & Affiliations

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- A. Neither TenjinAI nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither TenjinAI nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither TenjinAI nor its management persons have a material relationship with any of the potential related persons listed below:
  - i. broker-dealer, municipal securities dealer, or government securities dealer or broker
  - ii. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
  - iii. other investment adviser or financial planner
  - iv. futures commission merchant, commodity pool operator, or commodity trading advisor
  - v. banking or thrift institution
  - vi. accountant or accounting firm
  - vii. lawyer or law firm
  - viii. insurance company or agency
  - ix. pension consultant
  - x. real estate broker or dealer
  - xi. sponsor or syndicator of limited partnerships
- D. TenjinAI does not recommend or select any other investment advisers for its clients.
- E. TenjinAI is under common control with Tenjin AI Financial Technologies, LLC, Eagle AI LLC, and Quantel AI Services, LLC (the "Related Parties"). The Related Parties provide various products and services to the financial marketplace (which are primarily business-to-business products and services) that are not also offered to clients of TenjinAI, so it is not expected that such Related Parties or their related products and services will present a conflict of interest at this time.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

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- A. TenjinAI has adopted a code of ethics that will be provided to any client or prospective client upon request. TenjinAI's code of ethics describes the standards of business conduct that TenjinAI requires of its supervised persons, which is reflective of TenjinAI's fiduciary obligations to act in the best interests of its clients. The code of ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the code of ethics to TenjinAI's Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the code of ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt.
- B. Neither TenjinAI nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which TenjinAI or any of its related persons has a material financial interest.
- C. From time to time, TenjinAI or its related persons will invest in the same securities (or related securities such as warrants, options or futures) that TenjinAI or a related person recommends to clients. This has the potential to create a conflict of interest because it affords TenjinAI or its related persons the opportunity to profit from the investment recommendations made to clients. TenjinAI's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by TenjinAI or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances TenjinAI will act in the best interests of its clients.
- D. From time to time, TenjinAI or its related persons will buy or sell securities for client accounts at or about the same time that TenjinAI or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords TenjinAI or its related persons the opportunity to trade either before or after the trade is made in client accounts, and profit as a result. TenjinAI's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by TenjinAI or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances TenjinAI will act in the best interests of its clients.

## Item 12: Brokerage Practices

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- A. TenjinAI considers several factors when recommending a custodial broker-dealer for client transactions and determining the reasonableness of such custodial broker-dealer's compensation. Such factors include the custodial broker-dealer's industry reputation and financial stability, service quality and responsiveness, execution price, speed and accuracy, reporting abilities, and general expertise. Assessing these factors as a whole allows TenjinAI to fulfil its duty to seek best execution for its clients' securities transactions. However, TenjinAI does not guarantee that the custodial broker-dealer recommended for client transactions will necessarily provide the best possible price, as price is not the sole factor considered when seeking best execution. After considering the factors above, TenjinAI recommends "Interactive Brokers" as the custodial broker-dealers for client accounts (collectively, the "Custodial Broker-Dealers")
- i. TenjinAI does not receive research and other soft dollar benefits in connection with client securities transactions, which are known as "soft dollar benefits". However, the Custodial Broker-Dealers recommended by TenjinAI do provide certain products and services that are intended to directly benefit TenjinAI, clients, or both. Such products and services include (a) an online platform through which TenjinAI can monitor and review client accounts, (b) access to proprietary technology that allows for order entry, (c) duplicate statements for client accounts and confirmations for client transactions, and (d) API connectivity permitting the TenjinAI Platform to function. The receipt of these products and services creates a conflict of interest to the extent it causes TenjinAI to recommend the Custodial Broker-Dealers as opposed to a comparable broker-dealer. TenjinAI addresses this conflict of interest by fully disclosing it in this brochure, evaluating the Custodial Broker-Dealers based on the value and quality of its services as realized by clients, and by periodically evaluating alternative broker-dealers to recommend.
  - ii. TenjinAI does not consider, in selecting or recommending custodial broker-dealers, whether TenjinAI or a related person receives client referrals from a custodial broker-dealer or third-party.
  - iii. TenjinAI does not routinely recommend, request, or require that a client direct TenjinAI to execute transactions through a specified custodial broker-dealer.
- B. TenjinAI retains the ability to aggregate the purchase and sale of securities for clients' accounts with the goal of seeking more efficient execution and more consistent results across accounts. Aggregated trading instructions will not be placed if it would result in increased administrative and other costs, custodial burdens, or other disadvantages. If client trades are aggregated by TenjinAI, such aggregation will be done so as to not disadvantage any client and to treat all clients as fairly and equally as possible.

## Item 13: Review of Accounts

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- A. TenjinAI's analytical engine and algorithms monitors and reviews client accounts on an ongoing basis, with oversight of such analytical engines and algorithms by TenjinAI's investment personnel. Such monitoring and reviews are designed to ensure that the client is still on track to achieve his or her financial goals, and that the investments remain appropriate given the client's risk tolerance, investment objectives, and other factors. Clients are encouraged to proactively update their online profile or prior inputs to the TenjinAI Platform with any changes to their personal or financial situation.
- B. Other factors that may trigger a review include, but are not limited to, material developments in market conditions, material geopolitical events, and changes to a client's personal or financial situation as indicated and updated by a client (the birth of a child, preparing for a home purchase, plans to attend higher education, a job transition, impending retirement, death or disability among family members, etc.).
- C. The custodial broker-dealer will send account statements and reports directly to clients no less frequently than quarterly. Such statements and reports will be mailed to clients at their address of record or delivered electronically, depending on the client's election. If agreed to by TenjinAI and client, TenjinAI or a third-party report provider will also send clients reports to assist them in understanding their account positions and performance, as well as the progress toward achieving financial goals.

## Item 14: Client Referrals and Other Compensation

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- A. Nobody other than clients provide an economic benefit to TenjinAI for providing investment advice or other advisory services to clients. However, as described above in Item 12, the custodial broker-dealer(s) recommended for client accounts provides certain products and services that are intended to directly benefit TenjinAI, clients, or both.
- B. Our firm from time to time pays referral fees to independent persons such as bloggers, social media influencers, influencers in the society or 3<sup>rd</sup> party firms("Affiliates") for introducing Clients to us by way of a one time flat fee, a recurring fee, one time revenue share or a recurring revenue share. Whenever we pay an affiliate for introducing clients, we require the affiliate to provide the prospective Client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:
- the affiliate's name and relationship with our firm;
  - the fact that the affiliate is being paid a referral fee;
  - whether the fee paid to us by the Client will be increased above our normal fees in order to compensate the affiliate.
- C. As a matter of firm practice, the advisory fees paid to us by Clients referred by affiliates are not increased as a result of the referrals.
- D. TenjinAI offers compensation to current Clients by way of small cash rewards, more favorable fee arrangements and/or reduced/waived advisory fees for both the referring Client and the referred Client for each referral. New Clients are advised of the compensation before opening the account. Referring Clients must adhere to terms and conditions established by TenjinAI and set forth in an agreement with TenjinAI in accordance with Securities and Exchange Commission's new marketing rule. Clients are not charged any fee or other costs for being referred to Tenjin by a current Client, marketer or promoter.

These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to TenjinAI, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through TenjinAI if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

## Item 15: Custody

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For clients that do not have their fees deducted directly from their account(s), TenjinAI will not have any custody of client funds or securities. For clients that have their fees deducted directly from their account(s), TenjinAI will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. At no time will TenjinAI accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

If a client receives account statements from both the custodial broker-dealer and TenjinAI or a third-party report provider, the client is urged to compare such account statements and advise TenjinAI of any discrepancies between them.

## Item 16: Investment Discretion

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TenjinAI accepts discretionary authority to manage securities accounts on behalf of clients that have elected the Discretionary Investment Management tier, and in such instances only pursuant the mutual written agreement of TenjinAI and the client through a power-of-attorney, which is typically contained in the advisory agreement signed by TenjinAI and the client. Clients may place reasonable limitations on this discretionary authority so long as it is contained in a written agreement and/or power-of-attorney.



## Item 17: Voting Client Securities

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- A. TenjinAI does not have and will not accept authority to vote on client securities.
- B. Clients will receive their proxies or other solicitations directly from their custodial broker-dealer or a transfer agent, as applicable, and should direct any inquiries regarding such proxies or other solicitations directly to the sender.

## Item 18: Financial Information

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- A. TenjinAI does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. TenjinAI does not have custody of client funds or securities, or require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.