

# NewE Wealth Management LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of NewE Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at (408) 966-2807 or by email at: [bei.zhang@newewm.com](mailto:bei.zhang@newewm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about NewE Wealth Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). NewE Wealth Management LLC's CRD number is: 282048.*

4500 Great America Parkway  
Santa Clara CA 95054  
(408) 966-2807  
[bei.zhang@newewm.com](mailto:bei.zhang@newewm.com)

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

Version Date: 03/31/2023

## **Item 2: Material Changes**

There are no material changes in this brochure from the last annual updating amendment of NewE Wealth Management LLC on 03/22/2022. Material changes relate to NewE Wealth Management LLC policies, practices or conflicts of interests only.

## Item 3: Table of Contents

Item 1: Cover Page

Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business .....	2
A. Description of the Advisory Firm .....	2
B. Types of Advisory Services .....	2
Robo-Advisory Portfolio Management Services.....	2
C. Client Tailored Services and Client Imposed Restrictions.....	2
D. Wrap Fee Programs.....	2
E. Assets Under Management.....	3
Item 5: Fees and Compensation.....	3
A. Fee Schedule .....	3
Robo-Advisory Portfolio Management Services Fees .....	3
B. Payment of Fees.....	4
C. Client Responsibility For Third Party Fees .....	4
D. Prepayment of Fees .....	4
E. Outside Compensation For the Sale of Securities to Clients.....	4
Item 6: Performance-Based Fees and Side-By-Side Management .....	5
Item 7: Types of Clients .....	5
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss .....	5
A. Methods of Analysis and Investment Strategies .....	5
B. Material Risks Involved .....	6
C. Risks of Specific Securities Utilized.....	7
Item 9: Disciplinary Information .....	7
A. Criminal or Civil Actions .....	7
B. Administrative Proceedings.....	7
C. Self-regulatory Organization (SRO) Proceedings.....	7
Item 10: Other Financial Industry Activities and Affiliations.....	7

A.	Registration as a Broker/Dealer or Broker/Dealer Representative .....	7
B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	7
C.	Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	8
D.	Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	8
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
A.	Code of Ethics .....	8
B.	Recommendations Involving Material Financial Interests .....	8
C.	Investing Personal Money in the Same Securities as Clients .....	8
D.	Trading Securities At/ Around the Same Time as Clients' Securities .....	9
Item 12:	Brokerage Practices .....	9
A.	Factors Used to Select Custodians and/or Broker/Dealers.....	9
1.	Research and Other Soft-Dollar Benefits.....	9
2.	Brokerage for Client Referrals .....	9
3.	Clients Directing Which Broker/Dealer/Custodian to Use.....	10
B.	Aggregating (Block) Trading for Multiple Client Accounts .....	10
Item 13:	Review of Accounts.....	10
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	10
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	10
C.	Content and Frequency of Regular Reports Provided to Clients.....	10
Item 14:	Client Referrals and Other Compensation.....	11
A.	Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	11
B.	Compensation to Non - Advisory Personnel for Client Referrals.....	11
Item 15:	Custody .....	11
Item 16:	Investment Discretion.....	11
Item 17:	Voting Client Securities (Proxy Voting) .....	11
Item 18:	Financial Information.....	12
A.	Balance Sheet .....	12

B.	Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	12
C.	Bankruptcy Petitions in Previous Ten Years .....	12

## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

NewE Wealth Management LLC (hereinafter “NewE”) is a Limited Liability Company organized in the State of California. The firm was formed in August 2015, and the principal owners are Bei Zhang and Shi Chen.

### **B. Types of Advisory Services**

#### ***Robo-Advisory Portfolio Management Services***

NewE provides “robo-advisory” portfolio management services through an online interface. This entails the use of algorithm-based portfolio management advice, rather than in-person investment advice. These automated investment solutions are customized to each client and based on individual characteristics, such as the client’s age, risk tolerance, income, and current assets, among others. NewE’s investment advisory personnel oversee the algorithm but may not monitor each client’s account. Clients are encouraged to update their account/questionnaire with any change in their objectives, risk tolerance, or other pertinent information, as that information factors into the portfolio’s composition.

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

NewE generally limits its investment advice to ETFs. NewE may use other securities as well to help diversify a portfolio when applicable.

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

NewE offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. 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. NewE does not participate in any wrap fee programs.

## **E. Assets Under Management**

NewE has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 13,142,000	\$ 0.00	December 2022

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

### **A. Fee Schedule**

#### ***Robo-Advisory Portfolio Management Services Fees***

NewE provides robo-advisory portfolio management services via an online interface.

<b>Total Assets Under Management</b>	<b>Annual Fees</b>
\$5,000 - \$49,999	2.00%
\$50,000 - \$99,999	1.75%
\$1,000,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 - \$1,000,000,000	0.75%

NewE uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of NewE's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 7 days' written notice.

#### ***Performance-Based Fees for Portfolio Management***

Qualified clients will pay an annual fee of 2.00% of assets under management along with a 20.00% performance fee based on capital appreciation. If the client's portfolio rises in

value, the client will pay 20.00% on that increase in value, but if the portfolio drops in value, the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a “high water mark.”

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

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. This service may be canceled with 7 days’ notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the Investment Advisory Contract up to and including the day of termination.

## **B. Payment of Fees**

### **Payment of *Robo-Advisory Portfolio Management Services Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears.

### **Payment of *Performance-Based Portfolio Management Fees***

Performance-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in arrears.

## **C. 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 NewE. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

NewE collects its fees in arrears. It does not collect fees in advance.

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

Neither NewE 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

NewE manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) and may as well manage accounts that are not billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because NewE and/or its supervised persons have an incentive to favor accounts for which NewE receives a performance-based fee. NewE addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. NewE seeks best execution 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.

## Item 7: Types of Clients

NewE generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Business Development
- ❖ Pooled Investment Vehicles

There is an account minimum of \$5,000, which may be waived by NewE in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

NewE's methods of analysis include Fundamental analysis, Modern portfolio theory and Quantitative analysis.

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

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

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

### *Investment Strategies*

NewE uses long term trading.

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

## **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 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.

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

### *Investment Strategies*

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

**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.

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

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

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

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

Neither NewE nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

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

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

NewE does not utilize nor select third-party investment advisers. All assets are managed by NewE management.

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

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

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

### **B. Recommendations Involving Material Financial Interests**

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

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

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

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

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

## **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on NewE's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and NewE may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in NewE's research efforts. NewE will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

NewE will require clients to use Interactive Brokers LLC and Drive Wealth.

#### ***1. Research and Other Soft-Dollar Benefits***

While NewE has no formal soft dollars program in which soft dollars are used to pay for third party services, NewE may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). NewE may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and NewE does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. NewE benefits by not having to produce or pay for the research, products or services, and NewE will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that NewE's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

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

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

NewE will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

If NewE buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, NewE would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. NewE would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Review of Accounts**

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

All client accounts for NewE's advisory services provided on an ongoing basis are reviewed at least Monthly by Bei Zhang, CCO, with regard to clients' respective investment policies and risk tolerance levels. All accounts at NewE are assigned to this reviewer.

#### **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).

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

Each client of NewE's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

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

NewE may accept compensation for client referrals, but does not have any such arrangements in place at this time. NewE will fully disclose to clients the details of any referral relationships.

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

NewE does not compensate non-advisory personnel (solicitors) for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, NewE will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

NewE may also be deemed to have custody over the funds and securities invested in pooled investment vehicles it that NewE manages.

## **Item 16: Investment Discretion**

NewE provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, NewE generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

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

## **Item 18: Financial Information**

### **A. Balance Sheet**

NewE neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

Neither NewE nor its management has any financial condition that is likely to reasonably impair NewE's ability to meet contractual commitments to clients.

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

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