

## Item 1: Cover Page

YourCapital

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FORM ADV PART 2A

FIRM BROCHURE

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This brochure provides information about the business practices of YourCapital. If you have any questions about the contents of this brochure, please contact us at 212-845-9554 or by email at [help@yourcapital.net](mailto:help@yourcapital.net). 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.

## Item 2: Initial Firm Brochure

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## **Item 4: Advisory Business**

### **A. OVERVIEW**

YourCapital Inc is an online advisor registered with the U.S. Securities and Exchange commission. It operates an internet advisory firm that provides financial advice to retail Clients through the website [www.yourcapital.net](http://www.yourcapital.net). The firm is privately owned and its principal owner is Saira Suleman. YourCapital is currently in beta stage and the Clients will have the ability to monitor investment portfolios and not invest actual dollars.

### **B. SUMMARY OF PORTFOLIO CONSTRUCTION APPROACH**

YourCapital provides advice on portfolio construction by applying the principles of Modern Portfolio Theory, used by several portfolio managers on Wall Street, to design efficient portfolios for retail Clients. This theory is based on the highly acclaimed research of Nobel Prize Laureate Harry Markowitz. We use MPT theory and mean variance optimization to assess the appropriate mix of asset classes, use additional criterion on ETFs to determine the appropriate ETFs to fill the selected asset classes and lastly use the individual Client's risk tolerance and return objectives to determine the appropriate customized portfolio for the individual Client.

### **C. DETAILS OF OUR APPROACH**

#### **Asset Class Selection Process:**

The asset class selection process follows the Modern Portfolio Theory approach where we analyze the historical risk and return data for the asset classes as well as their covariance's. We use mean variance optimization (MVO) to determine the optimal set of asset classes and determine the efficient frontier.

#### **Choice of ETFs:**

In narrowing the universe of ETFs, we use several criterions. First, we narrow the universe of ETFs to those that have a performance record of at least 5 years. We, then, apply additional selection criterion and narrow this list to those ETFs that offer Clients high liquidity and low management expenses with respect to the major indices.

#### **Customized Portfolio:**

The outcome of this analysis produces a customized portfolio of ETFs, which meets a Client's risk and return objectives.

#### **Review of Existing Assets:**

In the very near future, Clients will be able to use YourCapital's service to safely connect to their existing brokerage accounts and get recommendations on appropriate asset allocation based on their holdings. The Client will be responsible for implementing any recommendations provided by YourCapital as YourCapital does not have discretionary authority on Client's assets.

#### **D. CUSTOMIZED PORTFOLIOS**

The approach to customized portfolio creation begins with YourCapital exploring the risk and return objectives of the individual Client. This process involves asking qualitative as well as quantitative questions that reveal the ability and the willingness of the individual to take on risk. For example, if a Client has a long-term horizon, they have the ability to take on more risk in their investment portfolio or if a Client does not have significant assets, it reduces their ability to take on risk despite the Client's willingness to take on risk. The intent of the questions that YourCapital asks is to determine the willingness, the ability and the financial risk and return objectives so YourCapital can design the most appropriate portfolio for the customer.

If and when the Client's investment objectives change after they create a customized portfolio, it is the responsibility of the Client to update his/her risk and return objectives so that a revised customized portfolio can be created. YourCapital provides the opportunity to the Client to monitor the recommended portfolio before they implement it via their broker.

#### **E. BOOKMARK PORTFOLIO**

Clients can bookmark a recommended portfolio to analyze the performance of the portfolio before choosing to implement the recommended portfolio. YourCapital sends weekly performance summaries of the bookmarked portfolio to the Client via the email provided by the Client to YourCapital. When the Client wants to implement the recommended portfolio, the Client can connect to their brokerage to execute the recommendation of YourCapital.

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

#### **F. ANALYSIS SERVICE**

We, currently, offer the services to the Clients for free. Furthermore, YourCapital does not receive any compensation from any third party for any products that are recommended on its site. In the future, we will offer a pricing plan to the Clients for our advisory and other related services.

We may run promotions or discounts from time to time and during those times, those who sign up may be offered lower rates than the normal subscription rates mentioned above.

#### **G. NEGOTIABLE FEES**

The fees we charge employers to offer our services to their employees may be negotiable.

#### **H. ACCOUNT TERMINATION**

Clients can cancel their accounts at any time and partial refunds will not be made.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

YourCapital does not charge performance based fees. YourCapital also does not have any accounts on side-by-side management basis.

## **Item 7: Types of Clients**

YourCapital offers financial advice to all individuals.

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

Your Capital provides investment advice based on Modern Portfolio Theory (MPT). This theory provides quantitative approach to long term strategic asset allocation. According to this theory, a Client should choose from a set of efficient portfolios based on the risk tolerance and return expectations of the individual Client. An efficient portfolio is one that maximizes the return of a Client for a given level of risk or minimizes the risk for a given level of return. A set of such efficient portfolios constitutes an “Efficient Frontier”.

We use mean variance optimization to create this efficient frontier. In this process, we use the historical return and risk of the various asset classes and their co-variances to determine the weights on the asset classes such that the resulting portfolios have the most efficient risk for a given level of return.

In order to select the ETFs that comprise these asset classes, we select ETFs that have a long track record. We define that as an ETF that has annual returns for at least the past five years. In addition to the length of the performance track record, we analyze other factors such as management expenses, and liquidity and select those ETFs that have low management expenses and offer clients high liquidity.

Generally, this type of advice is frequently used in designing portfolios for ultra-high net worth individuals. YourCapital’s vision is to democratize finance and make reliable and rigorous investment advice available to every Client, especially to those Clients who lack the assistance of an investment advisor in investing their assets.

The first step in the investment advisement process is to assess the risk and return objectives of the individual Client. We accomplish that by asking a series of questions to assess the ability and willingness of an individual Client to take risk. Based on the information about the risk and return objectives of a Client, we recommend an efficient portfolio that represents a mix of optimal asset classes, a set of ETFs that match our selection criterion, resulting in a portfolio that is appropriate for the risk and return of the individual Client. In narrowing the universe of ETFs, we use several criteria such as low management expenses, low tracking error and high liquidity.

We will, in future, provide advice on other securities such as equities, mutual funds and commercial paper.

## **RISK DISCLOSURE**

Investment in securities involves the risk of loss. Your Capital does not guarantee any level of performance nor does Your Capital guarantee that the Client will avoid a loss of assets by following its advice. Clients should carefully consider all the risks of investing in the stock market. Past performance is no guarantee of future performance and using historical risk and return data does not guarantee future portfolio performance.

Financial markets can exhibit volatility, or the individual securities could experience volatility leading to a loss. YourCapital cannot predict market volatility or the volatility exhibited by individual securities or asset classes. Furthermore, Clients need to understand that our approach to portfolio construction is based on historical risk and return as well as historical correlations among asset classes. During period of market stress, uncorrelated assets can become correlated leading to increased portfolio risk and the risk that the Client could experience a loss of assets.

## **Item 9: Disciplinary Information**

YourCapital does not have any legal, financial, regulatory or other disciplinary action to report to its Clients involving either YourCapital or any of its employees. YourCapital is required to disclose any material disciplinary action that could impact a Client's decision to use the offered services.

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

YourCapital is not registered as a broker-dealer and does not have any pending registrations as broker-dealer. No management persons of YourCapital are registered or have pending registration as a broker-dealer.

YourCapital and its management have no advisory relationships with third parties in the financial industry that could impact YourCapital's ability to conduct its business.

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

Sound ethical practice is integral to the investment management business. At YourCapital, we make every effort to minimize any conflict of interest whether perceived or actual. The management adheres to a strict Code of Ethics and aims to minimize any conflict of interest.

**Item 12: Brokerage Practices**

YourCapital does not recommend broker-dealer to Clients at this time.

**Item 13: Review of Accounts**

Clients can use YourCapital's services to conduct a review of their existing assets. This review is initiated by the Client. This review is automated and is conducted by using algorithms.

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

YourCapital expects to occasionally conduct promotional campaigns to attract Clients. These promotions would be through advertising networks and may compensate the network for referring a Client.

YourCapital could run promotions where Clients could get additional services or a lower subscription fee for referring certain number friends to become YourCapital's Client.

YourCapital could also reach agreements with employers to provide YourCapital's services to its employees. In this case, the employer is expected to pay the fees on behalf of its employees.

**Item 15: Custody**

YourCapital does not have custody of Client's assets.

**Item 16: Investment Discretion**

YourCapital does not have discretionary authority over the Client's assets.

**Item 17: Voting Client Proxies**

YourCapital does not vote proxies on behalf of the Client

**Item 18: Financial Information**

YourCapital does not solicit the prepayment of advisory fees of more than \$1200 per Client.

Furthermore, YourCapital does not have any adverse financial condition that could reasonably likely impair its ability to perform its services to its Clients.