



Qapital Invest, LLC
Form ADV Part 2A – Disclosure Brochure
May 24, 2016

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This brochure provides information about the qualifications and business practices of Qapital Invest, LLC. If you have any questions about the contents of this brochure, please contact us at (516) 729-6198. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

You can find more information about Qapital Invest, LLC at the SEC’s website www.adviserinfo.sec.gov.

Item 2 - Material Changes

This is our first firm brochure, so there are no material changes at this time. In the future, this Item will be used to provide you with a summary of new and/or updated information. You will receive a summary of any material changes to this brochure within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 – Advisory Business

The Company

Qapital Invest, LLC (“we,” “us” or “Qapital”) is an investment adviser registered with the SEC.¹ Qapital was founded in March 2016 and is headquartered in New York, New York. We are a wholly-owned subsidiary of Qapital, Inc., a Delaware corporation. Qapital, Inc., is a wholly-owned subsidiary of Qapital, Inc., a corporation organized under the laws of Delaware (“Qapital, Inc.”). Qapital, Inc. is a wholly-owned subsidiary of Qapital Insight AB, a corporation organized under the laws of Sweden (“Qapital Insight AB”).

Advisory Services

We believe that long-term financial health can be achieved by consistent and automatic investment. As a result, we offer a unique automated investment service through the internet that makes it possible for clients to access state-of-the-art portfolio management for a very competitive fee.

Each individualized portfolio is designed to be consistent with a client’s specific investment objectives and risk tolerances. We use algorithms to initially invest and continue to manage your portfolio. Those algorithms seek to identify the optimal asset classes in which to invest, the most efficient exchange traded funds (“ETFs”) to represent each of those asset classes, and the ideal mix of asset classes based on your specific risk tolerance. We do not use securities other than ETFs to build client portfolios.

We tailor our services to meet each client’s financial needs and goals. At the outset, we ask each client a series of questions to assess risk tolerance, investment goals, age, investment time horizon, current assets and income. Based on a client’s responses to these questions, the algorithms we use will determine a client’s risk profile and create an individualized portfolio of ETFs based on that profile.

You should be aware that by using our services, you are giving us the discretion to select the appropriate asset classes and ETFs based on our evaluation of your risk tolerance and investment needs. We do not allow clients to select specific ETFs or asset classes because each ETF and asset class is considered to be part of the overall investment plan. That said, we do permit clients to elect to restrict their accounts to invest only in ETFs that are designated as “socially responsible” by our firm.

Assets Under Management

As of May 24, 2016, we have no assets under management. We manage client assets through our software based financial service on a discretionary basis. We do not manage assets on a nondiscretionary basis.

¹ Registration as an investment adviser does not imply a certain level of skill or training.

Item 5 – Fees and Compensation

Amount of Our Fees

We charge an annualized fee of 0.25% of the market value of the assets in your account, and we determine the market value of those assets based on readily available market quotations. Our fees are not negotiable.

Our fees are paid in arrears on a monthly basis. To determine the amount that you pay each month, we first calculate a daily advisory fee. The daily advisory fee is equal to the fee rate of 0.25% multiplied by the market value of your account, divided by 365 (or 366 in any leap year). We determine the market value of your account as of the close of trading on the New York Stock Exchange (“NYSE”) on the applicable day, or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed. The advisory fee for a calendar month is equal to the total of the daily fees calculated during that month.

We deduct our advisory fee for a given month from your investment account or other funding account designated by you no later than the [tenth] business day of the following month.

Other Fees

ETFs are subject to investment advisory and other expenses, which will be indirectly paid by clients. These fees and expenses are described in each ETF’s prospectus, and they are not shared with us.

You could invest in an ETF directly. In that case, you would not receive the services we provide, which are designed in part to help you determine which, if any, ETFs are best suited to your financial condition and objectives. You should review the fees charged by ETFs and our fees to fully understand the total amount of fees you will pay and to evaluate the advisory services we provide.

You may also incur brokerage and other transaction costs, as discussed below in Item 12.

Item 6 – Performance-Based Fees and Side-By-Side Management

We do not accept “performance-based fees” (i.e., fees based on a share of capital gains on or capital appreciation of your assets).

Item 7 – Types of Clients

Qapital provides its advisory services to individuals of all income levels, and, unlike many advisers, we do not impose a minimum account size requirement.

Item 8– Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

To build your investment portfolio, we first seek to accurately assess your investment objectives and tolerance for risk. As discussed above in Item 4, we ask each client a series of questions to assess risk tolerance, investment goals, age, investment time horizon, current assets and income. Using the results of that assessment, we apply sophisticated algorithms to create an individualized portfolio, comprised of the optimal asset classes in which to invest and the most efficient ETFs to represent each of those asset classes. Our portfolios will generally use equity ETFs, fixed income ETFs, or a combination of both to the extent required to match your investment objectives and risk tolerance. In selecting ETFs for our portfolios, we look for ETFs that minimize cost and tracking error and offer market liquidity.

On a quarterly basis, the algorithms we use will rebalance our clients' portfolios as needed to optimize returns and remain consistent with our clients' current risk profiles and current market conditions.

We review and test the algorithms we use on a periodic basis to ensure that they continue to operate as expected and remain appropriate in light of market changes.

Risk of Loss

All investments in securities include a risk of losing your principal (invested amount) and any profits that you have not yet realized. You should be prepared to bear that risk. As you know, the stock and fixed income markets fluctuate substantially over time. In addition, as recent global and domestic economic events have shown, the performance of any investment is not guaranteed.

Our strategies may subject clients to the following risks:

- *Correlation Risk:* The price of equity securities and fixed income securities often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other. In deteriorating markets, the prices of securities within and across asset classes may fall in tandem. Because our strategies allocate investments targeted in one asset class or across asset classes, the strategies are subject to correlation risk.
- *Derivatives Risk:* Some ETFs use derivatives, such as swaps, options and futures, among others. Derivative instruments may be illiquid, difficult to value and leveraged so that small changes may produce disproportionate losses to a client. Over-the-counter derivatives, such as swaps, are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Losses from investments in derivatives can result from a lack of

correlation between the value of those derivatives and the value of the underlying asset or index. In addition, there is a risk that the performance of the derivatives or other instruments used by ETFs to replicate the performance of a particular asset or asset class may not accurately track the performance of that asset or asset class.

- *Diversification Risk:* A client's portfolio may be limited to only a few investments. As a result, the client's performance may be more sensitive to any single economic, business, political or regulatory occurrence, relative to the value of a more diversified portfolio.
- *ETF Risk:* ETFs are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs. In addition, ETFs are subject to specific risks, depending on the nature of the fund. ETFs are professionally managed pooled investment vehicles that invest in stocks, bonds, short-term money market instruments, other ETFs, derivatives and other securities, or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. While ETFs may provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money), or concentrate in a particular type of security rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values and there is no guarantee this relationship will resolve itself.
- *Fixed Income Risk:* A client's account may be invested in ETFs invested in fixed income securities. The credit quality rating of securities may be lowered if an issuer's financial condition deteriorates and issuers may default on their interest and/or principal payments. Current conditions may result in a rise in interest rates, which in turn may result in a decline in the value of the fixed income investments held by the applicable ETF.
- *Foreign Investment Risk:* Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.
- *Leveraged ETF Risk:* ETFs may use leverage, which may amplify gains and losses. Most leveraged ETFs reset their leverage daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

- *Market Risk:* Overall equity, fixed income and alternative securities market risks affect the value of a client's portfolio. Factors such as domestic or global economic growth, market conditions, interest rate levels and political events affect the securities markets.
- *Small and Medium Capitalization Stock Risk:* ETFs used to build client portfolios may invest in small and medium capitalization companies. The earnings and prospects of these companies are generally more volatile than larger companies. These companies may experience higher failure rates than do larger companies. The trading volume of securities of small and medium capitalization companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Rebalancing Risk:* Your portfolio will be rebalanced on a quarterly basis to remain consistent with your risk profile and current market conditions. A higher portfolio turnover may result in higher transactional and brokerage costs and could result in higher taxes when investments are held in a taxable account.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

We have no legal or disciplinary events to report.²

Item 10 – Other Financial Industry Activities and Affiliations

We are obligated to disclose whether Qapital or any of our affiliates are involved in other financial industry activities, such as those of an investment adviser or broker-dealer. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers.

Our indirect parent company, Qapital Insight AB, is a provider of a mobile application and related website that assists consumers in managing their finances and encouraging savings. Other than this, we do not have any other financial industry activities or affiliations to report. In addition, we do not receive compensation from other advisers for recommending or selecting them.

² We note that registered advisors are required to report, in Part 1A of Form ADV, all disciplinary events regardless of whether they are material. We have no disciplinary events of any kind to report.

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

Code of Ethics

We expect our employees to always act in your best interests, and to place your interests ahead of their own. We have adopted a Code of Ethics (the “Code”) that sets forth the standard of business conduct expected from each member of our team.

The Code restricts trading in any security for which we believe we may be privy to material non-public information. It also places restrictions on trading by our employees (which we refer to as “personal trading”) to prevent any conflict of interest between personal trading and client trading. The Code limits gifts and entertainment, whether received or given, to avoid conflicts of interests. The Code causes all outside business activities of our team members to be disclosed so that potential conflicts can be detected and addressed. Finally, it limits the political contributions of our employees to prevent any potential conflicts in that area as well. All our employees must accept in writing the terms of the Code upon employment, annually, and as amended.

We will provide a copy of the Code to any client or prospective client upon request. If you would like a copy, please contact our Chief Compliance Officer at the telephone number or the address specified on the cover page of this brochure.

Participation or Interest in Client Transactions and Personal Trading

Our employees may have their own Qapital accounts, or they may independently invest in the same ETFs used to build our clients’ portfolios. As a result, our employees may (i) buy or sell the same securities that we buy or sell for clients, (ii) buy or sell securities for their own accounts at the same time that we buy or sell the same securities for client accounts, or (iii) have buy or sell orders included in an aggregated transaction along with client buy or sell orders. To address any potential conflicts of interest from this practice, our employees may not trade in a manner that would be adverse or detrimental to client trades.

We do not buy or sell for your account securities in which Qapital or our employees have a material financial interest.

Item 12 – Brokerage Practices

Broker Selection

Our management discretion generally includes the selection of the security, the amount to be purchased or sold, the broker to be used, and the commission to be paid. We select

brokers for our clients on the basis of the broker's overall assistance in effecting the transaction. We consider many factors, including:

- financial condition
- commission rates
- level of trading expertise and capability
- infrastructure
- responsiveness

We do not consider, in selecting brokers, whether we or an affiliate receives client referrals from a broker or third party.

No Directed Brokerage. We do not permit clients to direct us to effect securities transactions in client accounts through a specific broker-dealer.

Research and Other Soft Dollar Benefits

We do not enter into agreements to receive research or other products or services in connection with executing client transactions with broker-dealers (often called "soft dollar" benefits). However, certain brokers through which we execute trades may provide unsolicited proprietary research (research the broker creates) to us. This research is used to benefit the algorithms we use to service all client accounts, even though only certain clients may have paid commissions to the brokers who provided the research. This research could include a wide variety of reports, charts, publications or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections.

Commission rates paid may be higher than the lowest commission rate available. Custodians generally charge a minimum fee for each transaction in a client account. Because of this minimum fee, it may not be economically feasible to select any broker other than your custodian for your transactions.

Trade Aggregation and Allocation

We may aggregate orders for the same securities purchased for a number of client accounts. Trade aggregation is performed to ensure, to the extent possible, optimal execution and consistent results across our client base. Accounts owned by our employees may participate in aggregated orders; however, they will not be given preferential treatment. Occasionally, we may only partially fill an aggregated order. Under those circumstances and to the extent it makes practical sense, we allocate the order on a pro rata basis among the applicable client accounts and do not allocate to firm or employee accounts unless all client orders are fully filled. The allocation of the shares purchased is not based on account performance or the amount of management fees. There may be

instances when partially filled orders may adversely affect the size of the position or the price you pay or receive, as compared with the size of the position or price that you would have paid or received had no aggregation occurred.

Trade Errors

When a trade error occurs, the client will retain any net gains resulting from the error correction, and we will compensate the client wholly for any loss resulting from the error or its correction.

Item 13 – Review of Accounts

Reports We Provide

We provide our clients with continuous access through our mobile application to individualized account reports that provide information about securities positions and portfolio performance. Clients may also receive periodic email communications about their account information and other aspects of the services we provide.

Review of Accounts

After an initial investment portfolio is created, our system will automatically review each account on a quarterly basis for consistency with a client's current risk profile and current market conditions in accordance with the algorithms we use. Also quarterly, we permit and encourage our clients to review and update the data provided to us to account for changes in financial circumstances and risk tolerance.

Each quarter, taking into account the results of that review and any client-made profile updates, our system will automatically rebalance investment accounts as needed to remain consistent with current market conditions and the client's current risk tolerance and investment goals.

By opening an account with Qapital, you consent to have your Qapital investment account automatically rebalanced on a quarterly basis.

Item 14 – Client Referrals and Other Compensation

No Compensation for Client Referrals

We do not compensate any person for client referrals.

Other Compensation

Other than the compensation described in Item 5, we do not receive any compensation from anyone other than our clients.

Item 15 – Custody

We do not provide custodial services to our clients. Your assets must be held by a broker, bank or other “qualified custodian.” You will receive custodial statements directly from your qualified custodian at least quarterly. We urge you to carefully review the custodial statements and compare them to the reports we provide for you. The information in our reports may vary from your custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Our investment advisory agreement with you give us discretionary authority to manage the assets in your account, including the ability to select brokers, purchase, sell and exchange securities, and reinvest all proceeds. We do not allow clients to select specific ETFs or asset classes, because each ETF and asset class is considered to be part of the overall investment plan. That said, as noted in Item 4 above, we do permit clients to elect to restrict their accounts to invest only in ETFs that are designated as “socially responsible” by our firm.

Item 17– Voting Client Securities

We do not accept authority to vote client securities. Proxy materials generally will be received by you directly or forwarded to you by your qualified custodian. We encourage you to contact your qualified custodian if you have questions related to proxy materials.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide clients or prospective clients with financial information or disclosures about their financial condition. We have no financial commitments that impairs our ability to meet our contractual or fiduciary commitments to you and has never been the subject of any bankruptcy proceeding.

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