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This brochure provides information about the qualifications and business practices of Elphinstone, Inc. If you have any questions about the content of this brochure, please contact us at (212) 882-1067 or e-mail us at micro.haag@elphinstonecap.com.

This Brochure has not been approved by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Elphinstone, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Any reference in this brochure to the terms "registered investment adviser", "registered investment advisor", or "registered" in no way implies a certain level of skill or training.

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Advisory Business

Elphinstone aims to become the largest, most trusted personal financial advisory firm to the rising middle classes in frontier markets. We aim to help millions of middle-class retail clients invest for their most important life decisions: retirement, buying a house, saving for their children's education and weddings. Elphinstone, Inc. is a Delaware Corporation founded in 2020 and does business primarily in the country of Pakistan through the "SmartRupee" product under the name Elphinstone, Inc., Elphinstone Capital, or Elphinstone. Farooq Tirmizi is the owner, CEO, and President of Elphinstone.

Elphinstone use a website and app to provide automated investment advice to customers. At Elphinstone, we operate on a simple premise: that most people need help figuring out how to save, and they need help figuring out how much to save, and where to put that money. We say this not so much as a critique, but more as a challenge we posed to ourselves when designing this app. What does it mean to build a financial model? What are the key areas we are trying to hit? And how do we calculate them? So, to the first point: most financial apps are based around a user's current expenditure patterns, and try to adjust savings around that – some a little, some a little less. We threw that model out the window.

Instead, we came up with a model centered around the kinds of items that people typically need to save for: retirement, emergency or short-term cash needs, real estate saving, children's education, and children's weddings. Our assumption is that most people's basic financial needs will be met once they are able to save for these five big-ticket items (we include buying a car in short-term cash needs).

Once these goals are hit, you can then spend the rest of your income in whatever manner you choose. Let us break down each component to see how Elphinstone arrives at each goal:

Retirement

The first thing we try to do is calculate how much income you will need in retirement, which is a function not just of your current income, but also of your starting salary at the beginning of your career (which gives us an estimate of your income growth trajectory), and – as with everything in financial planning – inflation.

In our model, we ask you to input two figures: your monthly salary right now, and your monthly salary when you started. The model first calculates your income growth rate from the difference between when you started, and your income now. It seeks to estimate your income using a combination of your own income trajectory in your career thus far, coupled with estimates of lifetime income trajectories across the economy as a whole. It then estimates your inflation-adjusted monthly income immediately prior to retirement, and assumes that this is the amount you will need to continue into retirement.

Once we calculate how much you need per month, we multiply that amount to arrive at how much you will need per year. The formula for this is complex, but what we can tell you is that the total amount you need to save up for comes out to approximately 25 times your annual income needs. This amount will expect to last you comfortably through a 25-30 year retirement, meaning if you decide to retire at the age of 65, you will likely have money to last you through well into your mid-90s.

One note about inflation: we calculate both absolute and inflation-adjusted amounts, but only display inflation-adjusted numbers to you for the retirement calculation. Why? Because the unadjusted numbers would make no sense to you. Inflation in Pakistan is so high that those numbers would be astronomically large, but also would not tell you about your purchasing power.

In order to solve that problem, we display only inflation-adjusted projections, so that you can understand – in today's terms – how much money you will have in monthly retirement income and compare it to your existing lifestyle.

Emergency or short-term cash

This is a somewhat catch-all phrase, but it is meant to capture two distinct categories: cash you may need for emergencies (things happen, and you would ideally not have to borrow money for situations where you need something extra), and any short-term needs you may have. The short-term needs can include things like saving up for a car or motorcycle, going on a vacation, etc.

Ideally, of course, one would want this to be a number as large as possible to feel completely safe, but one needs to be realistic. At Elphinstone, however, we have determined that the benchmark people should have at all times is three times their monthly salary: if you have that much, you should feel like you can handle short-term cash needs or most emergencies.

Of course, sometimes life can throw even bigger surprises at you, and nobody can be 100% prepared for everything. But this much will help you be prepared for many things that may come your way, and we will help you save a little each month until you hit this point.

Real estate saving

We make the assumption that the vast majority of Pakistanis may have a home that is owned by their family, but that they would still like to buy their own home, and we try to help them achieve that goal.

We ask two inputs for this part of the model: do you want to buy a home, and if so, at what age. The age matters because it determines how much time you have to save for a house, and what your income will be at the time you decide to buy your home.

If you decide to buy a home any time before the age of 55, we assume you may be willing to purchase a home on a mortgage, and would be willing to pay up to 25% of your expected income at the time (again, using our model to project your income trajectory) to make monthly mortgage payments. Based on that payment amount, we model how much of a mortgage you can afford, and how much you will have been able to save up for a down payment, based on your current age and estimated investment returns.

Adding your estimated down payment and estimated mortgage amount, we arrive at a number equal to the value of the home you will be able to buy. We then inflation-adjust that number back to the present day to give you an estimate of the value of the home you would be able to afford today, if you already had that much money. So, for instance, if our model says that you can afford a home worth – in inflation-adjusted terms – Rs10 million (1 crore), you can look up on real estate portals what kind of home you would be able to afford. Based on that, you can decide to save more or less according to your needs and desires.

Children's education

For this section we have asked, how many children you have, when you plan to have them, and when you would like them to study. But really, when it comes down to it, we are answering two questions: one, what is the cost of a four year program, and two, what is the estimated inflation rate for the cost of education? As we know, costs of education have inflated exponentially in the last few decades, and we have kept that historical data in mind to calculate how much you would need to start saving now to be able to afford that future rate.

Children's weddings

Across multiple socioeconomic groups, we have found a pretty accurate tendency: in Pakistan a wedding costs six times as much as your expected monthly retirement income. Our model takes this into account once it calculates your expected monthly retirement income.

Elphinstone is a new “FinTech” start up, and does not currently manage client assets.

Fees and Compensation

Use of Elphinstone's services is currently free to the customer. As described below in the “Client Referrals and Other Compensation” section below, Elphinstone shares in the management fee of mutual funds.

Performance-Based Fees and Side-By-Side Management

Elphinstone does not currently charge any performance-based fees.

Types of Clients

All customers are welcome at Elphinstone, although the minimum account opening deposit is 2,000 Pakistani Rupees.

Methods of Analysis, Investment Strategies, and Risk of Loss

One of the biggest parts of the service we offer our clients is fund selection. We do not just help you calculate how much you need to be saving, and which asset classes you should invest in; our app or website will recommend specific funds for you to invest in, and then we actually help you make those investments through our website and app.

So, it is important for us to explain exactly how it is that we are selecting the mutual funds in which we will be investing your hard-earned money. Given the bias we have towards long-term investing, SmartRuppee's process first starts with selecting only the funds that have a demonstrated track record of long-term performance. We, of course, take our own advice of "past performance is no guarantee of future results" seriously, but that does not mean that past performance should not be a factor in determining in which funds to invest.

We eliminate from our consideration any funds that have been in existence for less than 10 years because we want to evaluate only funds that have been around long enough to have a long-term track record to assess.

Of those funds, we then begin parsing out which funds to recommend, focusing on the ability to do two things: generate high returns, and generate consistent returns. To that end, our proprietary recommendation algorithm focuses on two core metrics: historical performance, adjusted for extenuating factors, and ability to consistently beat a relevant benchmark index.

In other words, we are not simply looking for funds that offer the highest returns: we are looking for funds that demonstrate the ability to do so consistently.

Other factors in our model include the reliability of the asset management company, including past complaints of misconduct against them by the Securities and Exchanges Commission of Pakistan (SECP). Funds that are managed by companies with a tarnished record of complaints against them are excluded from consideration for our recommendation engine, even if they have performed well over the past decade.

We also diversify across categories, ensuring that our clients do not have exposure to a single asset management company. That means that for every asset category – equities, fixed income, pension funds, balanced funds, etc. – we will always recommend more than one fund managed by different asset managers to ensure a diversification of risk.

Two of the factors we use in making decisions on which funds to invest in – historical performance and ability to beat the benchmark index – are displayed as part of our recommendations page.

We select funds for our clients based on the needs for which they are saving and the amount of time that they have to save up for a particular need. Shorter investment horizons – five years or less – result in investments being allocated towards fixed income funds, mostly those invested in low-risk government bonds. Investment horizons of between five and ten years see assets allocated either to a balanced fund (which mixes equity, fixed income, and money market instruments) or to a customised allocation of equity and fixed income funds, depending on the client's needs.

Longer term investment horizons – defined as 10 years or more – are invested in equity investments through high-performing, diversified equity mutual funds.

SmartRuppee performs the fund selection on behalf of our clients, and we offer them a choice of both Conventional and Islamic fund options for each category of investment and each asset class.

Disciplinary Information

None

Financial Industry Activities and Affiliations

None

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

Elphinstone adheres to an Adviser's Code of Ethics, a copy of which can be received upon request. The Code of Ethics is designed for the following purposes: To put the interests of clients before the interests of the firm or the personal interests of any of the firm's supervised persons; to prevent improper personal trading; to identify conflicts of interest; and to provide a means to resolve any actual or potential conflicts in favor of clients of the firm. A copy of the firm's Code of Ethics is available upon request.

Participation or Interest in Client Transactions: We do not recommend to clients any securities in which Elphinstone or any related person has a material financial interest. We do not act as principal in any securities transactions with our clients.

Personal Trading by Associated Persons: A related person of Elphinstone may purchase the same securities that are recommended to clients. We generally recommend open-end mutual funds or exchange traded funds (ETFs) for our clients' portfolios.

Brokerage Practices

Elphinstone has no Brokerage Practice. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. The Firm makes custodial recommendations that are based on our perception of the breadth of services offered and quality of execution. Our firm does not physically hold the assets we manage. We may, however, be deemed to have custody of your assets if you give us authority to move assets in and out of your account or between accounts (See Item 15, "Custody", below).

We seek to recommend custodians that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including but not limited to the quality of transaction execution services, the quality of asset custody services, the capability to execute and settle trades, the capability to facilitate transfers and payments to and from client accounts, the breadth and choice of no-load and load-waived mutual funds and the availability of, the lowest cost (class) shares within a particular mutual fund family, the availability of investment research and tools that assist our firm in making investment decisions and which therefore benefit the end client, the overall quality of service and communication, the pricing competitiveness in providing services, including trading costs, the willingness to negotiate prices for services, prior service to us and to our clients, the availability of free (no transaction fee) exchange-traded funds which saves the client money, and the availability of other services and investment products that benefit us and our clients.

Review of Accounts

Account allocations are determined by algorithm, and reviews may be randomly conducted to ensure the algorithm is appropriately placing client investments.

Client Referrals and Other Compensation

Elphinstone is able to offer its service for free to its clients because it makes a commission from the asset management companies whose mutual funds we recommend to our clients. Those asset management companies pay us those commissions as a percentage of the management fees they charge our clients. In that sense, our clients are paying for the investment management services that Elphinstone is offering: we are just not charging anything extra, but instead sharing in fees that any investor would have to pay anyway to invest in a mutual fund. In fact, if one fund is a better fit for a customer, our app or website will recommend it even if Elphinstone would get a smaller share of the

management fee compared to other funds. Elphinstone currently only offers placement of funds with a selection of Pakistani mutual funds, receives a fee from each of these Pakistani funds.

Under the fiduciary standard and our Code of Ethics, we cannot recommend a fund purely because it will result in a higher commission for us. Our recommendations have to be driven solely by what is in the best interests of the client. Why would we uphold this much higher standard? It is not just because we want to be an ethically, legally, and morally upright company. It is also because it is in our long-term interest to do so.

Our business will thrive if people feel that they can trust us for advice, and that their money is safe when it is invested through our company. That will not happen if we sacrifice our long-term credibility for a few extra pennies in the short-term. A poorly performing fund in the short term might give us a little more in commission this year, but if our client then leaves us, we lose out on potentially decades worth of revenue from that client. If we recommend the right fund, even at a lower commission, we will likely retain their trust and their business for a lifetime.

Custody

Elphinstone does take custody of client funds, and such funds are kept at Habib Bank, with the main office located at Habib Bank Plaza, I.I. Chundrigar Road, Karachi-75650, Pakistan. When a client's assets are in the form of securities, the Central Depository Company of Pakistan physically holds a client's investments. The CDC Head Office is located at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi – 74400. Clients should carefully review account statements from these institutions. Customers should also compare the statements received from these custodians with those received from Elphinstone.

Investment Discretion

Elphinstone recommends to clients where their money should be invested to maximize long-term returns. Elphinstone does not currently accept discretionary authority to manage securities accounts on behalf of clients. Ultimately, Elphinstone will follow the client's direction on how to invest the client's money.

Voting Client Securities

We do not have the authority to vote proxies solicited by or with respect to the issuers of securities held in client accounts. Please contact us with questions pertaining to proxy solicitations. Proxies are to be sent to the client by the custodian and not to us.

Financial Information

We do not require or solicit prepayment of fees more than six months in advance. Neither Farooq Tirmizi nor Elphinstone has been the subject of a bankruptcy petition at any time during the past ten years or at any time.