

Koin Capital Inc (“Koin”)

Form ADV Part 3 – Client Relationship Summary

Conversation Starters

November 2021

1. Given my financial situation, should I choose an investment advisory service? Why or why not?

It depends on many factors, including your personal financial situation, investment knowledge, and how much you are investing. It is important for you to understand the difference in fees and services between brokerage firms and investment advisers. The following information aims to clarify our investment advisory services. Free and simple information and tools are available to answer some of the additional questions at [Investor.gov/CRS](https://www.investor.gov/CRS).

2. How will you choose investments to recommend to me?

We provide algorithms-based, non-discretionary advisory services generated by our proprietary artificial intelligence algorithms to retail investors exclusively through a mobile application developed, owned and maintained by us (the “**App Platform**”). Currently, all our investment recommendations are limited to the selection of stocks traded on a U.S. national stock exchange.

Our algorithms-based investment advisory services currently include the following:

(i) provision of Stock List, which is a list of stocks that have finished in the top 20% based on risk adjusted returns (which is a calculation that balances a stock’s return with such stock’s risk, and whose goal is to take into account the different degrees of risk each stock has when comparing their returns and help investors determine whether the risk taken was worth the reward received) over the past trailing one-year period in each of the eleven Global Industry Classification Standard sectors as generated our algorithms (the “**Stock List**”). The Stock List is updated on or about June 30 and December 31 each year;

(ii) base portfolio recommendation, which is generated by our algorithms based on your answers to the designed questions on your annual income, savings, net worth, employments status, investment experience, risk tolerance, and investment preferences (the “**Proposed Portfolio**”). Our Proposed Portfolio is generated by using five machine learning algorithms (linear regression, random forest, ridge, stepwise regression, and generalized boosting regression) to assign weighting to each factor dynamically, where our algorithms select the stocks with the highest predictive ratings based off the factor that has the highest predictive return over the past training period. Then, our algorithms employ a statistical method known as minimum variance optimization to complete the portfolio recommendations based on the information each individual client has provided us through the questionnaire. Minimum variance performs diversification by constraining mean, volatility and correlation inputs to reduce sampling error. By using minimum variance, we ensure each client has proper diversification and portfolio risk. Stocks in a Proposed Portfolio will consist solely of those on the Stock List; and

(iii) individual stock recommendation, which provides our premium subscribers a list of 20 stocks with the most potential investment value and 20 stocks with the least potential investment value in the Stock List once per trading day (“**Focus Stocks**”). Our algorithms determine the list of the Focus Stocks by choosing the 20 stocks with the highest and lowest ranking of predicted returns generated by the best performing algorithm over the past training periods.

The Stock List and the Proposed Portfolio are available to every client and Focus Stocks are solely for our premium subscribers. Because our services are non-discretionary, you will make the ultimate decision regarding the purchase and sale of the investments.

3. What is your relevant experience, including your licenses, education, and other qualifications?

What do these qualifications mean?

All of our investment services will be provided solely via our algorithms through our mobile application. Our algorithms and tools are developed and overseen by professionals that include investment professionals, traders, and engineers. The majority of members of our team have over 10 years of experience in financial services and financial technology fields. The core members of our team all hold bachelor's degrees and above, including several masters and a Ph.D.

4.Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

Aside from a possible de minimis amount of cash that may be kept in your account, the totality of your \$10,000 will be invested.

Each month, on the monthly anniversary of your Koin account opening, a flat fee of \$4.99 (for basic subscriptions) or \$9.99 (for premium subscription) will be deducted in advance from the bank account linked to your Koin account to pay for our investment advisory services. This fee does not come out of your investments.

You will not be charged additional fees by us. However, you will be charged fees by our selected custodian and the broker-dealer in connection with transactions, account maintenance, etc. You may also incur certain separate charges imposed by our selected custodian such as wire transfer and electronic fund fees or account termination fees, in addition to certain taxes on non-retirement brokerage accounts. Those fees are separate from us, and we do not receive any portion of them.

5.How might your conflicts of interest affect me, and how will you address them?

In light of the algorithms-based and nondiscretionary nature of our services and the absence of any "wrap fee" arrangement, we currently do not anticipate having material conflicts of interest with our clients other than as noted below. We charge a flat monthly fee of \$4.99 or \$9.99, depending on the service you choose to receive. Because the flat monthly fee we charge to a client bears no relationship to the client's account performance, we may be less incentivized to achieve a higher level of returns for our clients than we would have been if our fee is tied to the client's account balance. In addition, although a flat monthly fee may be more attractive for a larger account, the fee expense calculated on a per dollar invested basis will be very high, and may lead to diminished return on investment and loss of capital. We will build in our App a prominent disclosure explaining that our fee on a per dollar invested basis for a small account may not be suitable for all investors.

6.As a financial professional, do you have any disciplinary history? For what type of conduct?

No.

Visit investor.gov/ for a free, simple search tool to research us and our financial professionals.

7.Who is my primary contact person? Is she or he a representative of an investment adviser or a broker-dealer?

Jiyu (Ryan) Ding, our President and Chief Compliance Officer, will be your primary contact person. You may contact him upon emailing ryan@koin.ai or calling (517) 775-9786.

8.Who can I talk to if I have concerns about how this person is treating me?

If you have concerns about how you are treated, you should contact our President and Chief Compliance Officer, Jiyu (Ryan) Ding upon emailing ryan@koin.ai or calling (517) 775-9786 or via mail at 11248 Wilcrest Green Dr, Houston, Texas, 77042.