



**FIRM BROCHURE**

**FORM ADV, PART 2**

**DAVINCI FINANCIAL DESIGNS LLC dba DAVINCI FINANCIAL DESIGNS**

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**CRD: 163362**

**JAMES AGOSTINI, CHIEF COMPLIANCE OFFICER**

**June 21, 2013**

This brochure provides information about the qualifications and business practices of DaVinci Financial Designs. If you have any questions about the contents of this brochure, please contact us by telephone at (803) 741-0134 or email at [jim.agostini@dav-fd.com](mailto:jim.agostini@dav-fd.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 DaVinci Financial Designs also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of DaVinci Financial Designs and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our associates.

**PLEASE RETAIN THIS BROCHURE FOR YOUR RECORDS.**

## **MATERIAL CHANGES**

### **TO OUR PART 2A OF FORM ADV: FIRM BROCHURE**

**DaVinci Financial Designs** is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update of our Brochure.

This Brochure is a complete restatement of our prior Brochure. Material changes have been made to all sections of our Brochure including, but not limited to, rewriting to provide further detailed information in our description of services under “Advisory Business” and under “Fees and Compensation.”

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

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## **ADVISORY BUSINESS**

### **About Davinci Financial Designs**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. DaVinci Financial Designs LLC is a registered investment adviser with its principal place of business located in South Carolina. Our firm has been in business as an investment adviser since 2012. As of March 30, 2013, DaVinci Financial Designs LLC actively manages approximately \$46,538,939 of clients' assets on a discretionary basis plus approximately \$9,381,295 of clients' assets on a non-discretionary basis. Currently, we do not oversee any assets with third party money managers.

Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- Agostini & Associates Inc., and
- Zoller & Associates LLC.

Jim Agostini and Jeb Zoller are the controlling owners of Agostini & Associates Inc., and Zoller & Associates LLC, respectively.

### **About Our Services**

DaVinci Financial Designs offers the following advisory services to our clients:

#### **Life Design Services**

We provide financial planning services. Our services provide a comprehensive evaluation of your current and future financial situation and objectives. We prepare recommendations based on that evaluation regarding the management of your financial resources. Such financial planning services will involve preparing a financial plan for you based on your financial objectives.

Financial planning is a comprehensive process and encompasses analysis and optimization strategies for one or more of the following areas: investments, retirement, estate, charitable gifting, education funding, corporate and personal tax review, real estate, mortgage/debt, insurance/risk, cash flow, employer and government benefits. To gather this information, we conduct at least one, but often more than one meeting with you in order to understand your current situation, existing resources, goals and tolerance for putting your resources at risk.

Based on what we learn from you, and a careful review of various documents you provide us, we prepare a written financial report for you, analyzing your situation and providing tailored observations and recommendations designed to assist you in achieving your financial goals. Our recommendations to you will include a course of action. For example, we may recommend to you that you begin or revise investment strategies, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings or, establish education or charitable giving programs.

Implementing our recommendations in your plan is entirely at your discretion. Should you

choose to implement our recommendations, we will work closely with your attorney, accountant and other professionals to facilitate its implementation. If you do not have a team of professionals currently assisting you with your needs, as necessary, we will refer you to a professional to assist with non-advisory related services.

Typically, the financial plan is presented to you within six (6) months of the date you engage us provided, that you have promptly provided all information needed to prepare the financial plan.

We recommend only products and services which we believe are in your best interest and will fulfill your objectives. Our recommendations are not specific to any product or service offered by a particular broker-dealer or insurance company.

If you choose to renew your engagement with us in subsequent years, you will be asked to execute a new engagement agreement on the anniversary of our agreement. During each renewal year, we will continue to confer with you about your financial objectives by reviewing and adjusting our recommendations and strategies to assist you in keeping on track to meeting your goals as described above.

If you are a business owner, you may achieve a more integrated plan if you also engage us to provide an analysis of your business financial structure through our Business Design Services. For more information on this service, please refer to the description of services under "Business Design Services."

### **Generational Design Services**

For immediate family members of our clients paying for one or more of our services, we will provide financial planning services as described above in "Life Design Services."

### **Asset Managed Portfolios**

Our primary asset management services involve tailored asset managed portfolios ("AMP") which are commonly called wrapped-fee arrangements. We emphasize continuous and regular account supervision. We create a portfolio, generally consisting of mutual funds, individual stock and bonds and exchange traded funds ("ETFs"). Under certain more limited circumstances, we may also include in the portfolio other investments such as options and public and private securities.

Based on your circumstances, we will tailor a portfolio suitable for meeting your specific needs, particular investment goals and tolerance for market losses. We will review our proposed AMP with you. If you should have any objections or restrictions to any types of investments we have proposed, you will have an opportunity to let us know and, to the extent we are able to manage the account, you may place reasonable restrictions on the type of investments.

We will review your portfolio on a regular basis and at least quarterly. However, if your account value is less than \$15,000, then we may review your account less frequently. If appropriate, we will rebalance the investments. If you experience any significant change(s) to your financial or personal circumstances, you should contact us so that we can consider whether such information impacts your financial planning strategies and/or portfolio allocations warranting an off-cycle review and adjustment to your account.

For additional information, please refer to the attached Wrap Fee Brochure.

### **Life Design Services and Asset Portfolio Management**

For certain clients with assets in excess of \$250,000, we may combine Life Design Services with Asset Managed Portfolios services which are described earlier. The combined services are intended to assist clients in meeting their financial planning and investment needs by consolidating the fees for each of these services. Under certain circumstances, combining the Life Design Services and the Asset Managed Portfolios services fees may create a potential conflict of interest for us if our planning advice to you recommends a reduction in your investment assets under our management. In those situations, to avoid this potential conflict, we may ask that you pay the fees separately.

For additional information, please refer you to the “Life Design Services” and “Asset Managed Portfolios” sections of this Brochure and to the attached Wrap Fee Brochure.

### **A La Carte Services**

A la carte services are intended to be limited in scope. Generally, such financial consulting services are targeted to address a specific situation which will not require a long-term financial planning relationship. The scope of this engagement should be limited in nature and not exceed six (6) months in duration. We do an analysis and provided observations limited to the particular subject of our engagement based on our meetings with you and documents you provide us. Due to the focused nature of this relationship, it will not entail a comprehensive review of your financial plan or circumstances which may produce different recommendations. A la carte services are terminated following our final consultation with you.

Implementing our recommendations provided with a la carte services is entirely at your discretion. Should you choose to implement our recommendations, we will work closely with your attorney, accountant and other professionals to facilitate its implementation. If you do not have a team of professionals currently assisting you with your needs, as necessary, we will refer you to professional to assist with non-advisory related services.

We recommend only products and services which we believe are in your best interest and will fulfill your objectives as we understand them from the limited information you have provided us to address your particular area of interest. Our recommendations are not specific to any product or service offered by a particular broker-dealer or insurance company.

### **Business Design Services**

We provide business financial planning services which develop strategic solutions for business success. We develop a business financial plan based on the expressed interests of a business owner which may include strategies for the following areas of concern: Maximizing the Business Value, Rewarding Performance of Personnel, Attracting and Retaining Talent, Accumulating Wealth, Providing Employee Benefits (Welfare Benefit Plans), Creating a Legacy and Business Continuity. These strategies are developed by the adviser frequently working with the business' attorney and CPAs.

Based on what we learn from you about your business, and a careful review of various documents you provide us, we prepare a written report for you, analyzing your business's

financial situation and providing tailored observations and recommendations designed to assist you in achieving your financial goals for your business. Our recommendations to you will include a course of action.

Implementing our recommendations in your plan is entirely at your discretion. Should you choose to implement our recommendations, we will work closely with your attorney, accountant and other professionals to facilitate its implementation. If you do not have a team of professionals currently assisting you with your needs, as necessary, we will refer you to professional to assist with non-advisory related services.

Typically, the business financial plan is presented to you within six (6) months of the date you engage us provided, that you have promptly provided all information needed to prepare the financial plan.

We recommend only products and services which we believe are in the best interest of your business and will fulfill your objectives for your business. Our recommendations are not specific to any product or service offered by a particular broker-dealer or insurance company.

If you choose to renew your engagement with us in subsequent years, you will be asked to execute a new engagement agreement on the anniversary of our agreement. During each renewal year, we will continue to confer with you about your business's financial objectives by reviewing and adjusting our recommendations and strategies to assist you keep on track to meeting your business goals as described above.

### **Third Party Money Managers**

If you are our client for one of our other advisory services, as an alternative to the services of our approved mutual fund managers, we may use the investment advisory services of other third party professional money management firms for the management of your accounts. As part of our services to you, we assist you to understand and evaluate appropriate money managers to service your account. To select managers for your account, we gather information from you about your financial situation, investment objectives, and reasonable restrictions you may impose on the account management. We also determine that any third party money manager we direct you to is licensed and/or registered with the appropriate authorities.

It is important to note that we will be relying on the advice of the third party money managers and will not offer you advice on any specific securities or other investments which comprise the assets under the management of such third party managers. Investment advice and trading of securities on your account will only be offered by or through the third party money managers. The third party money manager's policies and procedures will dictate whether you can impose restrictions on investing in certain types of securities.

We also provide you with ongoing review of the money managers management of your account. At least annually, we will review your holdings with the third party money managers. Our reviews will update your financial situation and objectives and, as appropriate, communicate necessary adjustments to your account. You will be expected to notify us of any changes in your financial situation, investment objectives, or account restrictions that could affect your account. You may also directly contact the manager to discuss your account.

The money management firms we use are approved by LPL Financial, our broker-dealer. This list of money management firms includes LPL Financial.

## **Employee Provided Programs**

In certain circumstances, we may assist an employer by providing limited advisory services to its employees in connection with particular employee provided plan the employer offers. For example, an employer may provide its employees the opportunity to direct a portion of the employee's paycheck to fund a 529 college savings account. Our advisory services will be limited to assisting employees select from a range of investment options that State Sponsored 529 Plan offers through the investment company to meet the needs of future college expenses. This service is not intended to consider all facts which may be relevant to a particular employee's circumstances but rather to consider basic information to guide the employee in selecting a portfolio from the available mutual funds. You are limited to selecting from the investment options available in the plan. Therefore, you will not be able to implement a personalized portfolio or otherwise impose restrictions on the investment.

## **FEES AND COMPENSATION**

### **Life Design Services**

Our initial fees are negotiable and will be dependent on the scope and complexity of our engagement with you. Factors that determine the fee include the number of topics we analyze and the complexity of the strategies we develop for the following areas: investments, retirement, estate, charitable gifting, education funding, corporate and personal tax review, real estate, mortgage/debt, insurance/risk, cash flow, employer and government benefits. Also, we consider the number of meetings and the amount of information we anticipate is needed to be gathered to provide a thorough analysis of the topic areas of importance to you.

We typically charge a flat fee for Life Design Planning services ranging from \$1,500 up to \$20,000 per year. On a case by case basis, when special circumstances make an hourly rate more appropriate for you and the firm, we may charge for our services on an hourly basis up to \$300.00 per hour. You should understand that the flat fee or the hourly rate you negotiate with your advisor may be higher than the fees charged by other investment advisors for similar services.

Our fees are typically paid at the conclusion of our initial assessment appointment with you and your execution of your agreement with us. In the case of an hourly rate arrangement, we will base this amount on an estimate of the hours anticipated, based on our experience, will be necessary to complete the services. At the conclusion of services, in the event you have a positive balance, we will refund you that amount. In some circumstances, we may structure a payment plan with you to pay the fees over the course of the agreement. Fees are payable to DaVinci Financial Designs and are typically paid with a personal check or draft from one of your bank accounts, draft from one of your advisory accounts or by credit or debit card.

Annually, if you renew your agreement, the renewal fee will commence in the thirteenth (13) month and will be calculated based on the scope and complexity of the engagement. Generally, this fee will be half (1/2) of the initial fee but will not be below \$1,500.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then

fees you paid within those five (5) days will be refunded to you. After the five day period, you may request a refund of the fees and we will refund your fees on a prorated monthly basis, provided that the request is in writing and provides thirty (30) days notice.

### Generational Design Services

For immediate family members of our clients paying for one or more of our services, we will negotiate a fee for all or some of the services described above as Life Design Services. The fee will depend on the scope and complexity of our engagement. For these clients, along with all the other factors considered for our Life Design Services, we will consider these clients' ability to pay and will structure a payment schedule which will facilitate them effectively moving forward with their plans.

Our fees are typically paid at the conclusion of our initial assessment appointment with you and your execution of your agreement with us. However, we may structure a payment plan with you to pay the fees over the course of the agreement. Fees are payable to DaVinci Financial Designs and are typically paid with a personal check or draft from one of your bank accounts, draft from one of your advisory accounts or by credit or debit card.

Annually, if you renew your agreement, the renewal fee will commence in the thirteenth (13) month and will be calculated based on the scope and complexity of the engagement. The renewal fee and payment of the fee will be negotiated with you at the time of your renewal.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then fees you paid within those five (5) days will be refunded to you. After the five day complete refund period, you may request a refund of the fees and we will refund your fees on a prorated monthly basis, provided that the request is in writing and provides thirty (30) days notice.

### Asset Managed Portfolio Services

Advisory fees for our Asset Managed Portfolio services are set based on a percentage of assets under management. Our fees for our AMP services may be negotiated based on the aggregated assets you have under management with us and the complexity of your investment strategy. However, negotiated fees will not exceed 3%. Our fees are assessed on the last day of the calendar quarter, on a pro-rata annualized basis, and are deducted from the account under management in advance of the next quarter. In limited circumstances, at your request, we will direct the account custodian to bill you directly for these services. We do not pay any portion of our fee to portfolio managers.

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
Under \$15,000	2.25%
\$15,000 - \$49,999	1.50%
\$50,000 - \$249,999	1.25%
\$250,000 - \$499,999	1.15%
\$500,000 - \$999,999	1.00%
Over \$1,000,000	0.90%

All securities transactions are effected through LPL Financial, a registered broker-dealer. LPL Financial charges us for brokerage commissions and/or transaction fees for executing securities transactions in your account(s). You do not pay for these fees from your account balance. These fees are included within our compensation. However, you should also be aware that your account will be charged separately by the mutual funds for management fees and other fund expenses. DaVinci Financial Designs does not receive any portion of these fund-related fees.

In addition, you should be aware of the following:

1. You authorize us to be paid directly by the independent custodian of your account;
2. You will be sent account statements by the independent custodian on at least a quarterly basis;
3. Your account statements will list all disbursements from your account, including the advisory fee paid to us; and
4. You should compare any information we give you regarding our fees with the independent custodian's information in account opening and subsequent account statements.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then fees you paid within those five (5) days will be refunded to you. At any time after the five day complete refund period, you may terminate your agreement and request a refund of unearned fees, provided that the request is in writing and provides thirty (30) days notice. Upon termination, we will refund unearned prepaid fees, pro-rata, and cease the payments for the next calendar quarter.

For additional information, please refer to our Wrap Brochure.

### Life Design Services and Asset Managed Portfolios

When you combine our Life Design Services with our Asset Managed Portfolio services, you may combine the fees into a single fee structure. As a result of the combination, you will not pay a flat fee for the Life Design Services. Instead, the fee for Life Design Services is combined with the Asset Managed Portfolio services.

Like the Asset Managed Portfolio services, the fees may be negotiated based on the aggregated assets you have under management with us and the complexity of your investment strategy. However, negotiated fees will not exceed 3%. Our fees are assessed on the last day of the calendar quarter, on a pro-rata annualized basis, and are deducted from the account under management in advance of the next quarter. In limited circumstances, at your request, we will direct the account custodian to bill you directly for these services.

Assets Under Management	Annual Percentage of Assets Charge
\$250,000 - \$499,999	1.65%
\$500,000 - \$999,999	1.50%
Over \$1,000,000	1.40%

The minimum asset level to participate under this arrangement is \$250,000 but otherwise is calculated and administered like the Asset Managed Portfolios as described above and in the attached Wrap Fee Brochure.

In addition, you should be aware of the following:

1. You authorize us to be paid directly by the independent custodian of your account;
2. You will be sent account statements by the independent custodian on at least a quarterly basis;
3. Your account statements will list all disbursements from your account, including the advisory fee paid to us; and
4. You should compare any information we give you regarding our fees with the independent custodian's information in account opening and subsequent account statements.

In certain circumstances, we may have a conflict of interest when we charge the combination fee for Life Design Services and Asset Managed Portfolios. It might appear that we are incentivized to recommend strategies which keep your assets under management in the Asset Managed Portfolios. For example, we might recommend to you to draw down your assets in your accounts to fulfill your retirement plans as a part of our Life Design Services but since we get paid as a percentage of assets under management there may appear to be a conflict of interest. When this circumstance arises, we will discuss it with you and may recommend terminating the combined fee agreement and executing one for each of the services.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then fees you paid within those five (5) days will be refunded to you. At any time after the five day complete refund period, you may terminate your agreement and request a refund of unearned fees, provided that the request is in writing and provides thirty (30) days notice. Upon termination, we will refund unearned prepaid fees, pro-rata, and cease the payments for the next calendar quarter.

For additional information, please refer to the "Life Design Services" and "Asset Managed Portfolios" sections of this Brochure and the attached Wrap Fee Brochure.

#### A La Carte Services

Our initial fees are negotiable and will be dependent on the limited scope and duration of our engagement with you. We consider in determining the fee the complexity of the strategies we develop for the specific situation(s) which you have requested us to give targeted advice. Also, we consider the number of meetings and the amount of information we anticipate is needed to be gathered to provide a thorough analysis of the topic(s).

We may charge a flat fee or hourly rate fee for these services depending on the scope and limited time commitment. When we charge a flat fee for A La Carte services, the fees generally range

from \$1,500 up to \$20,000 for the services. When we charge an hourly rate, we may charge for our services on an hourly basis up to \$300.00 per hour. You should understand that the financial planning or the hourly rate you negotiate with your advisor may be higher than the fees charged by other investment advisors for similar services.

Our fees are typically paid at the conclusion of our initial assessment appointment with you and your execution of your agreement with us. In the case of an hourly rate arrangement, we will base this amount on an estimate of the hours anticipated, based on our experience, will be necessary to complete the services. At the conclusion of services, in the event you have a positive balance, we will refund you that amount. In some circumstances, we may structure a payment plan with you to pay the fees over the course of the agreement. Fees are payable to DaVinci Financial Designs and are typically paid with a personal check or draft from one of your bank accounts, draft from one of your advisory accounts or by credit or debit card.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then fees you paid within those five (5) days will be refunded to you. After the five day period, you may request a refund of the fees and we will refund your fees on a prorated basis, provided that the request is in writing and provides thirty (30) days notice.

### Business Design Services

Our initial fees are negotiable and will be dependent on the scope and complexity of our engagement with you. Factors that determine the fee include the number of topics we analyze and the complexity of the strategies we develop for managing the finances of your business and otherwise accomplish the business objectives. Also, we consider the number of meetings and the time and effort needed to research, collect data and provide you with a thorough analysis of the topic areas of importance to you and your business.

We charge an initial assessment fee as a flat fee ranging from \$1,000 to \$3,000. This initial assessment fee is not refundable and covers the expense of our meeting. When you execute an agreement with us for Business Services, we will credit this initial assessment fee to the total Business Planning services fee.

We typically charge an annual flat fee for various Business Planning services with fee ranges indicated on the following chart:

<b>Business Planning Services</b>	<b>Minimum Fee</b>	<b>Maximum Fee</b>
Maximizing Business Value	\$1,000	\$3,000
Reward Performance of Business Personnel	\$1,000	\$3,000
Attracting and Retaining Talent	\$3,000	\$9,000
Wealth Accumulation Strategies	\$1,000	\$3,000
Development of Employee Benefit Plans	\$5,000	\$15,000
Creation of a Legacy – Business Succession/Continuity	\$4,000	\$12,000
<b>Total Fee for All Services</b>	<b>\$15,000</b>	<b>\$45,000</b>

On a case by case basis, when special circumstances make an hourly rate more appropriate for your business and the firm, we may charge for our services on an hourly basis up to \$300.00 per hour. You should understand that the financial planning or the hourly rate you negotiate with your advisor may be higher than the fees charged by other investment advisors for similar services.

Our initial assessment fee is typically paid at the conclusion of our initial assessment appointment with you and your execution of your agreement with us. In the case of flat fee arrangements, the balance is generally paid in equal monthly installments over the course of the engagement. In the case of an hourly rate arrangement, we will base the fee amount on an estimate of the hours anticipated, based on our experience, will be necessary to complete the services and bill you on a monthly basis. At the conclusion of services, in the event you have a positive balance, we will refund you that amount. In some circumstances, we may structure a payment plan with you to pay the fees over the course of the agreement. Fees are payable to DaVinci Financial Designs and are typically paid with a personal check or draft from one of your bank accounts, draft from one of your advisory accounts or by credit or debit card.

Annually, if you renew your agreement, the renewal fee will commence in the thirteenth (13) month and will be calculated based on the scope and complexity of the engagement. Generally, this fee will be half (1/2) of the initial fee but will not be below \$2,000.

If you decide to terminate your agreement with us within five (5) business days of having signed the initial agreement or within five (5) business days of having signed a renewal agreement, then fees you paid within those five (5) days will be refunded to you. After the five day period, you may request a refund of the fees and we will refund your fees on a prorated monthly basis, provided that the request is in writing and provides thirty (30) days notice.

### Third Party Money Managers

When we refer you to a third party money manager and you decide to open an account with that manager, we are paid by the third party money managers. You are not directly responsible to pay us under this arrangement. Generally, our fee represents an on-going portion of the investment advisory fees that the money managers charge you directly for managing your account. The money manager will not charge you a higher fee as a result of this arrangement in order to cover the fee paid to us.

The third party money manager recommended to manage your assets maintains its own billing processes applicable to your account. We have no control over the billing of your account. The manager's billing procedures will be described in its disclosure documents.

This type of payment arrangement complies with applicable laws. To comply with all legal requirements, you will also receive separate disclosures documents from the third party money manager also describing this arrangement. This will include a copy of the third party money manager's firm brochure (Form ADV) and all other relevant brochures, a solicitation disclosure statement detailing the portion of the manager's fee which we will receive and a copy of the manager's privacy policy.

### Employee Provided Programs

Neither the employer nor the employees receiving these limited advisory services from us are charged a fee for the advisory services. Since we are providing the employees with access to purchase the special share class, the employee does not pay a load on the shares. The employees only pay the routine underlying fund management fees and other fund expenses.

We provide the employer and its employees this service through an arrangement with the sponsoring mutual fund companies. Under the agreement with the sponsoring mutual fund company to assist with administering the employee plan, we may be paid a fee by the mutual fund company for providing these services.

### Non-Advisory

We receive fees and commissions that are not associated with our investment advisory services, we want you to know that we may be compensated for certain products and services you may purchase as a result of our investment advisory recommendations. Examples of such products and services include insurance policies, annuities and brokerage accounts.

With such non-advisory products, we typically receive a commission from the company. We offer and sell securities as registered representatives of LPL Financial Corporation, member FINRA/SPIC. For these transactions, we may receive commissions including distribution or service (“trail”) fees. When we offer insurance products we are also licensed through the appropriate insurance company.

You should be aware that if you open a non-advisory account, the commissions we receive may present a conflict of interest that may give our firm and/or advisors an incentive to recommend investment products based on the compensation received rather than on your needs.

We generally address this potential problem by:

- discussing it with you at the time of we make the recommendation;
- explaining that there may be options which have other fee structures available through our firm if you wish to become an investment advisory client; and
- let you know that you may purchase these products recommended by us through other brokers or agents which are not affiliated with us.

### Performance Based Fees

DaVinci Financial Designs does not charge performance-based fees.

### Types of Clients and Account Requirements

DaVinci Financial Designs provides its services to a wide variety of clients. Typically, we provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable organizations
- Trusts and Estates

DaVinci Financial Designs does not require a minimum asset amount to provide our services to you. We do, however, have a few minimum fees for certain of our services. Following is a description of those requirements:

- Generally, our minimum annual fee for Life Designs Services is \$1,500.
- Generally, our minimum initial assessment fee and annual fee for Business Design Services is \$2,000.
- We generally have a \$250,000 minimum account requirement for Life Design Services combined with Portfolio Management Services.

For a more detailed understanding of these requirements, please review the disclosures provided in each applicable service.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

DaVinci Financial Designs uses fundamental, technical and quantitative methods of analysis in its selection of equity and other securities for client accounts, and in its construction of portfolios. When doing our analysis we use outside investment research. Some of these outside sources of information we use when developing our investment strategies include information from broker - dealers and other third parties, investment publications on general economic conditions, and financial publications from the investment banking industry and from other members of the professional investment community.

We have the flexibility when choosing which research we use and to tailor investment recommendations to meet your risk tolerance and financial plan goals/strategy.

Each investment strategy we use reflects your financial goals, investment objectives, risk tolerance and time horizon. We use the following methods of analysis to design an investment strategy for you which aligns with your personal life design strategy (Financial Plan):

- Alpha Based Investing. The return generated from an Alpha Based Investment is based on a risk-adjusted basis. Alpha uses the volatility (price risk) of an investment and compares its risk-adjusted performance to a benchmark. The excess return of the investment relative to the return of the benchmark is the investment's alpha. We align your risk tolerance and wealth management strategy to this risk reward profile.
- Modern Portfolio Theory ("MPT"). MPT is a theory on how to minimize risk by carefully choosing proportions of various assets that comprise a portfolio to optimize or maximize an expected return based on a given level of market risk, emphasizing that the

risk is an inherent part of higher reward. Construction of these portfolios develops an “efficient frontier” of optimal strategies offering the maximum possible expected return for a given level of risk.

- We generally use long-term purchases of securities with the idea of holding them for relatively longer periods of time (typically held for at least a year) to implement our method of analysis. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to you. Moreover, if our predictions are incorrect, an investment may decline sharply in value before we make the decision to sell. This method of approach is fundamentally based on the theory that investors rely on an overall investment strategy as a component of a larger comprehensive financial plan/strategy and behave rationally to economic conditions.

**Please Note:**

Risks involved in these strategies will depend upon the types of investments chosen. Investing in securities involves risk of loss that you should be prepared to bear. All securities have the risk of potential for loss of income or principle. These strategies involve the use of benchmarks which reflect past performance. Although this is reasonable methodology, benchmarks reflect past performance and do not guarantee future performance. Therefore, the risk of these methods of analysis is the uncertainty of market performance. Generally, investments have costs such as fees, even when there is a negative return. Additionally, there is a time lag and price uncertainty to the purchase of securities. You should also account for other risks such as market volatility, inflation, credit risk and interest rate changes.

Depending on the strategy that is right for you, different types of securities can be recommended, including mutual funds, unit investment trusts, collective investment trusts, and equities. Securities such as mutual funds carry the risk of lack of control in that fund or portfolio managers decide when to buy and sell. A market volatility risk comes with investing in the stock market. While the market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you (1) understand the risks associated with investing in the stock market, (2) are appropriately diversified in your investments, and (3) ask us any questions you may have.

We generally place your cash balances in an FDIC insured cash account. We try to achieve the highest return on your cash balances through this relatively low-risk conservative account. In most cases, at least a partial cash balance will be maintained in this insured cash account so that our firm may debit advisory fees for our services related to Asset Managed Portfolios, Life Design Services, and Asset Managed Portfolios Services, as applicable.

We act as portfolio manager(s) for the wrap fee program(s) previously described in this Brochure and in the attached Wrap Fee Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services.

Our portfolio managers are not subject to the same selection and review as outside portfolio managers that do not participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

### **Disciplinary Information**

There are no legal or disciplinary events that are material to our firm or the integrity of our management.

### **Other Financial Industry Activities and Affiliations**

Our advisors are registered representatives of LPL Financial, member FINRA/SIPC and agents for various insurance companies. As such, these advisors are paid separate, yet customary commissions from LPL Financial, third party investment management companies, issuing insurance companies when you implement a recommendation to purchase a security investment or an insurance product. Because the compensation we receive from these organizations varies, we may have an incentive to direct you to investments, products and /or third party money managers who will pay higher compensation and/or share of its advisory services fees. You, however, are not under any obligation to engage your advisor when considering implementing any recommendation to purchase a security or insurance. Implementing any or all of your advisor's recommendations is solely at your discretion.

You should be aware that when we receive compensation from other companies, it creates a conflict of interest that may impair the objectivity of your advisor when making advisory recommendations. For example, your advisor receives a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as his/her compensation from our firm. In cases where your advisor is paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

DaVinci Financial Designs endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to you the existence of all material conflicts of interest, including the potential for our firm and advisors be compensated from advisory clients in addition to our firm's advisory fees;
- we disclose to you that you are not obligated to implement your advisor's recommendations by purchases recommended investment and/or insurance products through our advisors;
- we collect, maintain and document accurate, complete and relevant client background information, including your financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to you are suitable to your needs and circumstances;

- we require that our advisors seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm;
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to you.

We refer you to the following sections of this Brochure for more detailed information regarding our affiliations with certain parties: “Third Party Money Managers” under “About Our Services” and “Fees.”

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our advisors and associates, including compliance with applicable state and Federal securities laws. DaVinci Financial Designs and our advisors owe a duty of loyalty, fairness and good faith towards you, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide fiduciaries. As a fiduciary, it is an advisor’s responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times and to avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

Our firm and/or its advisors may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, the firm and/or our advisors may have an interest or position in a certain security(ies) which may also be recommended to a client. We recognize that the personal investment transactions of our advisors and associates demand high standards. As a result, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our advisors will not interfere with (i) making decisions in the best interest of our clients; and (ii) allowing advisors and associates to invest for their own accounts. In order to prevent conflicts of interest and to monitor compliance with our policies, we have procedures for pre-clearance, in some cases, of transactions, the review of quarterly securities transaction reports and initial and annual securities holdings reports that must be submitted by our associates. Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

In situations which might represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm’s Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No advisor or associate of our firm may put his or her own interest above the interest of an advisory client.
- To prevent the misuse of material non-public information by our advisors (often referred to as insider trading), no associate of our firm may buy or sell securities for his other personal portfolio(s) where his or her decision is a result of information received as a result of his or her association unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person associated with us may purchase or sell any

security prior to a transaction(s) being implemented for an advisory account. This prevents such associates from benefiting from transactions placed on behalf of advisory accounts.

- Our firm requires prior approval for any initial public offerings or private placement investments by the firm's associates.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- All of our associates must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.

You can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority. However, as part of our services, an advisor may provide recommendations as to investment products or insurance. To the extent that an advisor recommends that you invest in products or services that will result in compensation being paid to us, this presents a conflict of interest. The compensation the advisor and we may be more or less depending on the product or services that the advisor recommends. Therefore, the advisor has a financial incentive to recommend that a financial plan or strategy be implemented using a certain product or service over another product or service.

You should also understand that we may perform advisory and/or brokerage services for various other clients, and that we may give advice or take actions for those other clients that differ from the advice given to you. The timing or nature of any action taken for the account may also be different.

We have established policies requiring the reporting of Code of Ethics violations to our senior management. Anyone who violates any of the above restrictions may be subject to being disassociated from our firm.

As disclosed in the preceding section of this Brochure "Other Financial Industry Activities and Affiliations," our firm's associates are separately registered as securities representatives of a broker-dealer, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to "Other Financial Industry Activities and Affiliations" for a detailed explanation of these relationships and important conflict of interest disclosures.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jim.agostini@dav-fd.com](mailto:jim.agostini@dav-fd.com), or by calling us at 803-741-0134.

### **Brokerage Practices**

DaVinci Financial Design has a non soft-dollar arrangement with LPL Financial under which we receive services such as research and administrative functions including portfolio pricing, account statement generation and fee calculations, which are intended to support our firm in

conducting business and in serving the best interests of our clients. We do not receive client brokerage commissions (or markups/markdowns) to obtain research or other products or services. We recommend LPL Financial to our clients because we believe that LPL Financial's level of competitive pricing and professionalism serves our clients' interests in receiving best execution. We do not receive soft dollars, products or services acquired with client brokerage commissions. Our firm does not receive brokerage for client referrals. We do not allow you to direct us to send a securities transaction for execution by a broker other than LPL Financial, a qualified custodian and broker-dealer.

We perform investment management services for various clients. There are occasions when portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous of our client accounts with similar investment objections. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, such transactions are affected only when we believe that they will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situations, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary allocation methods.

### **Review of Accounts or Financial Plans**

As described in our advisory services agreements, we review your accounts regularly intending to learn whether your accounts are in line with your investment objectives and appropriately positioned based on market conditions and investment policies. Except for A La Carte Services which are typically limited in time, we generally review your accounts with you on a quarterly basis. For account valued below \$15,000, we may review these accounts with you less frequently than quarterly. Certain events may trigger us to perform an off-cycle review of your accounts. Major market or economic events, your life events or requests by you are some examples of such triggering events.

We will recommend rebalancing your accounts, as appropriate, or other actions to address your current circumstances and market conditions. Your advisor will conduct the review with you. Unless you ask us to do so, we do not typically document our reviews of your accounts in written reports. Similarly we do not automatically update written financial plans unless you contract with us to do so.

### **Client Referrals and Other Compensation**

It is our policy not to engage or pay anyone for referring potential clients to our firm. To the extent that they are in compliance with law and regulations relating to client referrals, some of our advisors may participate in various marketing programs but do not pay a fee for any lead or solicitation of a potential client. We are paid by sponsoring mutual fund companies for providing advisory services to benefit employers and employee at no fee for our services and we receive advisory fees from third party money managers to whom we refer clients. Both of these circumstances are described in greater detail under "About Our Services."

We may also be compensated by LPL Financial, our broker-dealer, in different ways, for

example, payments based on production, reimbursements of fees we pay to LPL Financial for items such as administrative services, and other things of value such as free or reduced-costs marketing materials, payments in connection with the transition of an advisor's association from another investment advisor and/or broker dealer to us and LPL Financial, or attendance at LPL conferences and events. These payments are typically received by advisors based on the advisors overall production and/or on the amount of assets serviced by LPL as broker dealer. As a result of this compensation, our advisors may have a financial incentive to recommend some services or programs to you.

We may benefit when LPL Financial or a mutual fund company, without cost and/or at a discount, provides us support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, computer hardware and/or software and other technology to assist us in our investment advisory business operations, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support.

You do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of these arrangements. There is no commitment made by us to LPL Financial or any other institution as a result of the above arrangement.

### **Custody**

Our firm does not have actual or constructive custody of your accounts.

We previously disclosed in the "Fees and Compensation" section of this Brochure when our firm directly debits advisory fees from your accounts.

As part of this billing process, your account custodian is advised of the amount of our fee you authorized us to deduct from your account. On at least a quarterly basis, your account custodian is required to send you a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review your account statements to verify the accuracy of the calculation, among other things. You should contact us directly if you believe that there may be an error in your statement.

### **Investment Discretion**

When you hire us to provide discretionary asset management services, we place transactions in your account without contacting you prior to each transaction to obtain your permission. This type of arrangement only applies to our Asset Managed Portfolios and combination Life Designs Services and Asset Managed Portfolio clients.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

You give us discretionary authority when you sign a discretionary agreement with our firm, and you may limit this authority by giving us written instructions. You may also change/amend such limitations by once again providing us with written instructions.

### **Voting Client Securities**

As a matter of firm policy, we do not vote proxies on your behalf. Therefore, although our firm may provide investment advisory services relative to your investment assets, you maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities you beneficially own shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. You are also responsible for instructing each custodian of the assets, to forward you copies of all proxies and shareholder communications relating to your investment assets.

We do not offer you any consulting assistance regarding proxy issues.

### **Financial Information**

Since DaVinci Financial Design is an advisory firm that maintains discretionary authority for clients accounts, we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our obligations. We have no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

DaVinci Financial Designs has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Requirements for State-Registered Advisers**

James S. Agostini is the Manager and Chief Compliance Officer of DaVinci Financial Designs LLC. Jeb Zoller is an Executive Officer of DaVinci Financial Designs LLC. For additional information regarding the education and business experience of these gentlemen, please refer to their individual brochures.

DaVinci Financial Designs LLC has no other information to disclose.