



**WRAP FEE PROGRAM BROCHURE**

**FORM ADV, PART 2A -APPENDIX 1**

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

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**CRD: 163362**

**JAMES AGOSTINI, CHIEF COMPLIANCE OFFICER**

**March 2024**

This wrap fee program brochure provides information about the qualifications and business practices of DaVinci Financial Designs LLC ("DaVinci"). 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 (SEC) or by any State Securities Authority.

Additional information about DaVinci is also 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 and/or our associates ("IAR(s)") 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.**

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This Firm Brochure provides a summary of DaVinci's services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. At least annually within 90 days of the end of DaVinci's fiscal year ("FYE"), the Securities and Exchange Commission regulations require the firm to update certain information in the Firm Brochure. Within 120 days of DaVinci's FYE, we will distribute either: (1) this summary of the material changes in information, or (2) we will provide Clients with our full revised Firm Brochure which will include a summary of material changes in this Item. If we deliver the summary in lieu of delivering the full Firm Brochure to each Client, a Client may notify us that the Client wishes to receive a full Firm Brochure. If you would like to receive a complete copy of our Firm Brochure, including the supplement, please contact us at 803-741-0134 or by email at [jim.agostini@dav-fd.com](mailto:jim.agostini@dav-fd.com) to request a copy free of charge.

### **SUMMARY OF MATERIAL CHANGES**

This section describes any material changes DaVinci may have since our last annual updating amendment in March 2023. Any time a material change occurs in DaVinci's operations, depending on its nature, the Firm will promptly communicate this change to Clients (and it will be summarized in this Item). "Material changes" requiring prompt notification to the Securities and Exchange Commission and to Clients will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates; specifically, any information that is critical to a Client's full understanding of who we are, how to find us, and how we do business.

Material changes since the last annual update include:

- We have amended Item 5 (Fees and Compensation) to clarify our fee methodologies, please review this section carefully.
- We have amended Item 15 (Custody), to clarify the fee debiting process.

We have made various additional non-material clarifications throughout this Firm Brochure.

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## **ABOUT OUR ADVISORY SERVICES**

### **About DaVinci Financial Designs LLC**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. DaVinci Financial Designs LLC (also referred to as us, we, our, DaVinci and, with respect to your individual representative, “IAR”) 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 December 31, 2023, DaVinci actively manages approximately \$243,610,063 of clients' assets on a discretionary basis. Currently, we do not oversee any non-discretionary 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.

Jim Agostini is the controlling owner of Agostini & Associates Inc. Jim Agostini is the manager “Owner and Principal” of DaVinci. In this role, Jim Agostini supervises the investment advisory services provided to DaVinci’s clients and as designated principal of LPL Financial (“LPL”), the broker-dealer through which the IARs in their capacity as registered representatives of LPL provides brokerage services.

### **About Our IARs**

DaVinci’s investment adviser representatives (“IAR(s)”) are registered by the appropriate states where registrations are required to provide its investment advisory services. Each IAR is an independent contractor, not an employee, of DaVinci. Each IAR is also registered through LPL, a registered broker/dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”).

### **About Our Advisory Services**

DaVinci offers the following advisory services to our clients:

#### **Asset Managed Portfolios Services**

Our asset management services involve tailored asset managed portfolios (“AMP”) which are commonly called wrapped-fee arrangements. Based on your circumstances, we tailor a portfolio suitable to your specific needs, particular investment goals and tolerance for market losses. We generally create a portfolio 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. We will then review our proposed AMP with you. If you have 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 emphasize continuous and regular account supervision. Your IAR will review your portfolio on a regular basis and at least annually. 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 or make other changes to your account.

Through an agreement between DaVinci and LPL Financial ("LPL"), DaVinci executes trades within for your portfolio. By signing the Client Services Agreement with your IAR and DaVinci in which you select AMP, you are authorizing your IAR and DaVinci to have discretion over your portfolio to actively manage and trade your assets in your account.

We encourage you to contact your IAR if there is a significant change in your personal circumstances impacting your investment objectives, personal goals, risk tolerance, risk management needs, tax planning, estate planning, retirement planning or the like. Certain events which impact these areas may trigger your IAR to perform an off-cycle review of your accounts. Major market or economic events are some examples of triggering events. The AMP services is likely the most cost efficient for you if you have securities which will not be actively managed and traded and/or if you have assets under management of less than \$25,000.

### **Cash Holdings**

When performing tax harvesting at your request, DaVinci may hold proceeds of tax-related transactions in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the Portfolio. In addition, DaVinci may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by DaVinci, in an attempt to limit short-term tax treatment for any position being sold. In order to permit trading in a tax-efficient manner, you expressly grant DaVinci the authority to select specific tax lots when liquidating securities within your account. Under certain conditions, DaVinci will also accommodate requests for all or a portion of an account to remain allocated in cash for a period of time.

In addition, in consultation with your IAR, a portion of your portfolio will be held in cash, cash equivalents or money market funds as part of the overall investment strategy for the account. Depending on your IAR's investment outlook or strategy, these cash balances can be high and represent a material portion of your overall portfolio. Cash and cash equivalents, including money market funds, are subject to our advisory fee. Clients should understand that the advisory fees charged on these balances may exceed the returns provided by cash, cash equivalents or money market funds, especially in low interest rate environments. You should discuss such strategies with your IAR to ensure your full understanding.

### **IRA Rollover Recommendations**

For the purpose of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") when applicable, we are providing the following acknowledgment to you. When we

provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under an exemption that requires us to act in your best interest and not put our interest ahead of yours. Under this exemption, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **FEES AND COMPENSATION**

DaVinci's IARs are authorized, within certain stated limits, to negotiate a fee schedule with you for compensating your IAR. Fees and charges taken to pay for our services are deducted from your account by DaVinci. DaVinci shares some of this compensation with your IAR based on a compensation arrangement between your IAR and DaVinci. The amounts retained by DaVinci are for supervision and administrative support services provided by DaVinci to your IAR. Generally, your services and fees are reviewed annually. Depending on your situation, you may decide to adjust the services or negotiate a different fee with your IAR in accordance with the framework outlined in the following section.

The following fee and compensation information provided are examples and a framework for your consideration. You should review the fee structures and their limitations carefully when selecting the services that we will be providing you. Several factors may influence the services we recommend for your circumstances including:

1. Your preference for a "wrap fees" versus per trade transaction charges for trading certain or all securities;
2. Account size;
3. Anticipated trading frequency;
4. Anticipated securities to be traded;
5. Management style; and

## 6. Long term investment goals.

These variables in your particular situation may cause the fee structure for one or more of our services to be more costly than other of our programs. Your overall cost relating to a particular service may be higher or lower than you might incur if you were paying transaction costs separately or if these costs were “wrapped” into your total fees. To compare the cost of our programs, you should consider the anticipated frequency of your trading activity associated with your investment goals, brokerage commissions charged by the broker-dealer and the advisory fees charged by your IAR. You should review the following information regarding our fees and compensation framework carefully and discuss with your IAR in order to select services that will be most likely to meet your goals and to be most cost efficient. Because of the variables stated above, DaVinci cannot and does not guarantee that any particular selection among our services will result in the lowest fees.

Fees for our AMP services are generally charged on a percentage basis. Our fees for these services may be negotiated between you and your IAR based on the aggregated assets you have under management with us and the complexity of your investment strategy. However, your negotiated percentage fees will not exceed 3%. The fee is calculated using the average daily balance of the assets during the quarter, and are deducted from your account in advance of the next quarter.<sup>1</sup> In limited circumstances, based on the complexity and magnitude of the assets to be managed in AMP and/or for certain high net worth individuals, our management will permit your IAR to charge only portfolio transaction costs when negotiating a compensation arrangement for combining Life Design Services with AMP services.

All securities transactions are effected through LPL, a registered broker-dealer. LPL charges us for brokerage commissions, program and/or transaction fees for executing securities transactions in your account(s) or for maintaining a Model Portfolio. Generally, in the AMP program you do not pay for these fees from your account balance because these fees are included within the fees you pay on your account. The result is that your costs may be more than paying for advisory fee plus commissions or transaction charges to a broker-dealer for each transaction in your account. Further, the wrap fee charges are based on the total assets in your account and include any securities transferred into the account. You should also be aware that your account will be charged separately by the mutual funds for management fees and other fund expenses. DaVinci does not receive any portion of these fund-related fees.

In most of our programs, your fee is adjusted for deposits and withdrawals during the prior quarter pro rata based on the asset value of the transaction and based on the fee rate in effect at the time of the assessment. If there is a change in the advisory fee you negotiate with us during the quarter, the effective date of any increase or decrease will be at the beginning of the next quarterly cycle. Your fee would typically be renegotiated if there was a substantial change in asset values (up or down). Please discuss this with your IAR

As part of your analysis of the programs and services with your IAR, you should consider the

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<sup>1</sup> Please note that although we calculate our fees quarterly, it is not necessarily a calendar quarter, but will depend on the month in which you open your account. Please inquire with your IAR if you have any questions.

following:

1. A commission was previously paid on the security currently in your portfolio;
2. Whether you want the security(ies) to be managed as part of the account and be subject to an advisory fee; or
3. Whether you want to hold the security in a brokerage account that is not managed and not subject to an advisory fee.

In addition, you should be aware of the following if you select one of our investment services:

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.
5. When you contribute to your investment account, the minimum amount for each contribution must be \$100.00.

Generally, DaVinci deducts the fees from your account(s) associated with the services you have selected in your Client Services Agreement. Under certain circumstances, at your request, rather than deduct fees from your account, we will direct the account custodian to bill you directly for these services. We do not pay any portion of our fee to third-party portfolio managers.

DaVinci, through LPL, deducts fees quarterly in advance. However, for the initial fee deduction, LPL will deduct DaVinci's fee at the beginning of the quarter following the establishment of the Account and will include a prorated fee for the initial quarter in addition to the quarterly DaVinci fee for the upcoming quarter. Subsequent fee deductions will be assessed at the beginning of each quarter thereafter and based on the value of the Account's assets under management as of the close of business on the last business day of the preceding quarter and based on the fee rate in effect at the time of assessment. At the time of a subsequent fee deduction, the Account fee will be adjusted for deposits and withdrawals during the prior quarter pro rata based on the asset value of the transaction and based on the fee rate in effect at the time of the assessment. If there is a change in the advisory fee rate during the quarter, the effective date of any increase or decrease will be at the beginning of the next quarterly cycle.

If your Client Services Agreement is terminated before the end of the quarterly period, DaVinci will pay you a pro-rated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after the termination date. After the termination date, LPL may temporarily convert your account to a brokerage account before it is fully self-directed. In a brokerage account, you are charged a trading commission for each trade transaction through LPL and your IAR has no responsibility to provide ongoing investment advice.



If you decide to terminate your Client Services 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 in full. 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 thirty (30) days' notice. Upon termination, we will refund unearned prepaid fees, on a pro-rata basis, and cease the payments for the next calendar quarter. We may under other circumstances, in our discretion, waive, refund or discount fees. Note that your trading authorization will be relied upon and continue in full force and effect in your account until you transfer your assets to another firm, or you provide termination notice directly to portfolio managers, LPL and DaVinci, each independently. Your Client Services Agreement will terminate if your IAR transfers to another investment advisory firm. DaVinci reserves the right to terminate your Client Services Agreement for any reason.

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 and maintained for an extended period of time, beyond three to five years.

DaVinci is not paid a commission or transaction charge for executing transactions in client accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund. Although DaVinci is not paid a commission or transaction charge for transactions in an account, DaVinci may bear transaction costs under AMP while these transaction costs are included in the LPL's fees you pay under LPL's wrap fee programs. This presents a conflict of interest because these costs may be a factor that your IAR considers when deciding which portfolio management service to recommend to you, securities to select for your portfolio and whether or not to place transactions in your account.

To illustrate this point further, a conflict of interest arises when IARs are incentivized by mutual fund companies to recommend that clients invest in mutual fund share classes with higher expense ratios and that have sales loads even when lower cost shares in the same funds are available to the client. These shares can be purchased through either a brokerage account or within a wrap account. While the commission is waived in a wrap account, the custodian may still receive the 12b-1 fee which in turn lowers the expenses to the advisory firm. In order to avoid this conflict of interest, our firm's policy is to recommend institutional share classes and ETFs which have no loads and no 12b-1 fees associated with them. Conversely, our firm does not recommend share classes where the firm receives additional compensation from the mutual fund company. Our firm pays all expenses and transaction fees from the advisory fees paid by our clients to the firm. In other words, we neither receive additional compensation from mutual fund companies nor charge the client for the expenses these 12b-1 fees are intended to cover.

In limited circumstances, when a client is transferring a portfolio containing Class A shares to our firm, our IARs may retain such shares in the account temporarily for reallocation in accordance with the client's specific needs if the IAR believes it is in the client's best interest. For example, an IAR may delay selling Class A shares transferred from another firm into a client's account to meet the

client's specific needs such to manage tax consequences of the sale of the shares. In all circumstances, our IARs work to reallocate these shares as quickly as possible while attempting to minimize negative consequences to the client. In these limited circumstances, the custodian will receive the associated 12b-1 fees until the shares are sold.

#### NTF Mutual Fund and ETF Fees

As described throughout this Brochure, DaVinci has a significant relationship with LPL. This relationship includes access to wrap fee programs offered through the LPL Platform by third-party money managers. In a wrap fee program, the money manager does not pass along transaction fees incurred when the program rebalances positions or otherwise makes purchases or sales of mutual funds. Because the Manager absorbs these transaction costs, they have an incentive to recommend or select "no-transaction fee mutual funds or ETFs" (collectively "NTF Funds"). Mutual funds and ETFs, including NTF funds, have their own internal charges, including management fees, distribution and/or 12b-1 fees, and other expenses. These fees are detailed in the mutual fund prospectuses.

Most NTF funds have transaction-fee alternatives that result in higher expense ratios. IARs that are also registered representatives of LPL are limited to selecting wrap accounts that have been previously approved by LPL and contain NTF funds, thus resulting in a higher cost to owning the fund compared to lower share class funds. Similar to seeking best execution, the determining factor we used in choosing to partner with LPL is not always the lowest possible cost, but whether the relationship represents the best platform through which to provide the majority of our advisory services. To make this determination, we take into consideration the full range of a LPL's services, including among others, the ability of our IARs to offer brokerage services as registered representatives, their fees (both to us and to our clients), their financial wherewithal, their custodial services, and their responsiveness. Accordingly, although DaVinci seeks to offer the most cost effective solutions for our clients, LPL may not necessarily offer the lowest cost mutual fund share classes in all instances. LPL selects certain mutual fund product offerings because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund, and which we believe is passed along to us in the execution of their services to us. You should understand that another custodian may offer the same, or similar, mutual fund products at a lower overall cost.

Uses of NTFs can cause a potential conflict of interest because NTF funds typically (but not always) are not the lowest share class available from the fund family. Notwithstanding this conflict, DaVinci believes this arrangement does not interfere with its provision of advice to clients because of its practices and controls. DaVinci's IARs and supervisors review client accounts to ensure they are consistent with the clients' stated needs, objectives, and financial situation. While we believe that removing the cost to implement trades is important and helpful to our management of client assets and to clients' overall performance, you need to understand the added cost to your portfolio. You should review both the fees charged by the funds and our fees to fully understand the total amount of fees you are paying and, thereby, to evaluate the advisory services being provided. We are happy to explain these products and any associated conflicts in detail.

## **Asset Managed Portfolios Services**

If you select AMP, you pay a single fee that covers your IAR's advice and the execution of transactions in your account through LPL as broker-dealer. All securities transactions are effected through LPL. LPL 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.

DaVinci typically manages accounts in AMP differently than assets held in accounts that pay transaction fees because of the different nature of services provided. You should refer to the introductory language above under Fees and Compensation for a review of the variables which influence the trading practices within portfolios and considerations when selecting this service. Your overall cost in the AMP may be higher or lower than you might incur by paying transaction costs separately.

Advisory fees for our AMP services are typically set based on a percentage of assets under management as follows:

<b>Assets Under Management</b>	<b>Annual Percentage of Assets Charge</b>
Over \$10,000,000	0.60%
\$5,000,000 - \$9,999,999	0.70%
\$2,000,000 - \$4,999,999	0.80%
\$1,000,000 - \$1,999,999	1.00%
\$500,000 - \$999,999	1.10%
\$250,000 - \$499,999	1.25%
\$50,000 - \$249,999	1.35%
\$15,000 - \$49,999	1.60%
Under \$15,000	2.25%

These fees may be negotiated based on the aggregate assets you have under management with us and the complexity of your investment strategy. However, negotiated percentage fees will not exceed 3%.

## **Additional Information about Our Fees**

A wrap fee program allows you to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than

you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

In addition to our fees, you may pay custodial fees, charges imposed directly by a mutual fund, index fund, or ETF which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap fee you are charged by our firm.

Your IAR receives a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their compensation from our firm. In cases where our IAR 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.

### **PERFORMANCE-BASED FEES**

DaVinci does not charge performance-based fees, nor do we do side-by-side management.

### **TYPES OF CLIENTS and ACCOUNT REQUIREMENTS**

DaVinci 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 does not require a minimum asset amount to provide our services to you.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Before recommending or selecting portfolio managers for clients, we conduct initial due diligence on a fund's portfolio management, investment strategies and performance, amongst other factors. We also provide ongoing review of the fund portfolio manager's management of the portfolio. We review fund portfolio managers' reports at least annually. We will replace portfolio managers who are not meeting our criteria for fund management and performance.

When selecting fund portfolio managers, we use similar fundamental, technical, and quantitative methods of analysis in its selection of equity and other securities for individual client accounts. We use outside investment research when doing our analysis. 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 create a portfolio, generally consisting of mutual funds, individual stocks, bonds, and ETFs. Equity investments are expected to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments. We will also employ mutual funds that use hedging strategies to provide more diversity to our allocations and allow the fund managers to actively manage portfolios with the goal of absolute returns regardless of overall market or index movement.

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. We manage assets on an Alpha Based metric of risk verse reward through all market cycles while emphasizing downside protection. 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.
- 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. However, we may attempt to mitigate this risk by varying the portfolio's actual asset allocation from its target asset allocation as a result of the varying market cycles in different asset and sub classes. Typically, the portfolio will be rebalanced to its normal asset allocation quarterly, unless specific market conditions or triggering events preclude rebalancing back to the target asset allocation. As soon as the conditions that warranted the allocation being different from the target portfolio are no longer a factor, we will realign the portfolio to the original target or align to specific sectors that provide for the overall strategic objectives of the portfolio.

- **ETF and Mutual Fund Risk:** ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in ETFs or mutual funds, as there are two levels of fees. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. ETF risk 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) to a significant degree or concentrate in a particular type of security (i.e., equities), rather than balancing the fund with different types of securities.

### Risks of Investing You Should Consider

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed security is unable or unwilling to meet its financial obligations.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investments companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, you may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Concentration Risk.** To the extent your account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on you of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- **Sector Risk.** To the extent your account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An

individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political, or regulatory events. Your account performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

- **Alternative Strategy Mutual Funds.** Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates, and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Closed-End Funds.** Client should be aware that closed-end funds available within the program may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Exchange-Traded Funds (ETFs) Risk.** ETFs are subject to internal management fees 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. ETFs are subject to specific risks, depending on the nature of the fund.
- **ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof.** ETFs' managers trade fund investments in accordance with fund investment objectives. While ETFs generally 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) to a significant degree, or concentrate in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lead or lag versus the actual underlying asset values. This lead or lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always exist.
- **Unit Investment Trusts (UITs) Risk.** UIT is an investment company that invests the money raised from many investors in its one-time public offering in a generally fixed portfolio of stocks, bonds, or other securities like a closed-end fund. UITs typically issue redeemable units, like a mutual fund for a specific period of time and holds them with little or no change for the life of the UIT. It is designed to provide capital appreciation and/or dividend income. Since UITs hold a variety of securities, each UIT may have different investment objectives,

strategies, and investment portfolios. They also can be subject to different risks and fees and expenses.

- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency, and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.
- **Leveraged and Inverse ETFs, ETNs and Mutual Funds.** Leveraged ETFs, ETNs and mutual funds are designed to provide a 1x multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, a -1x multiple, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts, and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax- efficient than more traditional ETFs, ETNs and mutual funds.
- **Pledging Assets.** Clients should be aware that pledging assets in an account to secure a loan involves additional risks. The bank holding the loan may have the authority to liquidate all or part of the securities, at any time, without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, clients should carefully review the loan



agreement, loan application and any forms required by the bank and any other forms and disclosures provided by LPL.

- **Legal and Regulatory Matters Risks.** Legal developments which may adversely impact investing and investment-related activities can occur at any time. “Legal Developments” means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). DaVinci’s management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.
- **System Failures and Reliance on Technology Risks.** DaVinci’s investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems’ conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.
- **Cybersecurity Risk.** A portfolio is susceptible to operational and information security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and DaVinci’s business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While DaVinci has established business-continuity plans and risk management systems designed

prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

- **Pandemic Risks.** The outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the time. This created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the coronavirus outbreak and future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. These pandemic and other epidemics and pandemics that may arise in the future, could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

**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 principal. 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, UITs, 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, or the combined Life Design Service and Asset Managed Portfolios Services, as applicable.

We act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap 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.

### **Client Information Provided To Portfolio Manager(s)**

We are required to describe the information that we communicate to your portfolio manager(s) about you, and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

### **Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) at our principal place of business or by the phone listed on the cover page of the Firm Brochure with any questions or concerns they have about their portfolios or other matters.

### **ADDITIONAL INFORMATION 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 IARs are registered representatives of LPL, member FINRA/SIPC and agents for various insurance companies. As such, these IARs are paid separate, yet customary commissions from LPL, third-party investment management companies, and 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 vary, 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 IAR when considering implementing any recommendation to purchase a security or insurance. Implementing any or all your IAR'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 IAR when making advisory recommendations. For example, your IAR 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 IAR 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 always endeavors 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 IARs to 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 IAR's recommendations by purchases of recommended investment and/or insurance products through our IARs;
- 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 IARs 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.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING, CONFLICTS RELATING TO COMPENSATING YOUR IAR**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our IARs and associates, including compliance with applicable state and Federal securities laws. DaVinci and our IARs 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 IAR's responsibility to provide fair and full disclosure of all material facts, to always act solely in the best interest of each of our clients, 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 IARs 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 IARs may have an interest or position in a certain security(ies) which may also be recommended to a client. This presents a potential conflict of interest because trading by the firm and/or our IARs in the same security on or about the same time as trading in that security for a client can disadvantage the client. We recognize that the personal investment transactions of our IARs 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 IARs will not interfere with (i) making decisions in the best interest of our clients; and (ii) allowing IARs and associates to invest for their own accounts. Our Code of Ethics also provides for reporting, oversight, enforcement, and recordkeeping provisions.

In situations which might represent 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 IAR or an 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 IARs (often referred to as insider trading), no associate of our firm may buy or sell securities for his or her 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 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 IAR may provide recommendations as to investment products or insurance. To the extent that an IAR 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 to the IAR and us may be more or less depending on the product or

services that the IAR recommends. Therefore, the IAR 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 our IARs 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.

In addition, DaVinci charges your IAR various fees under their independent contractor arrangement with DaVinci. For example, DaVinci charges your IAR for supervision, administrative, custody and clearing services to accounts, technology, and licensing. DaVinci charges these fees and deducts them from your IAR's compensation, based on your IAR's overall business production and/or on the amount of assets serviced in DaVinci advisory relationships. When we compensate or charge fees based on your IAR's level of production or advisory assets, your IAR has a financial incentive to meet those production or asset levels. The amount of this compensation from DaVinci could be more, and the amount of these fees charged by DaVinci could be less, than what your IAR would receive, or pay, if he or she was associated with another investment advisory firm. The level of compensation and costs is an incentive for your IAR to become associated with DaVinci over another investment adviser firm.

Your IAR's compensation from DaVinci could be more than what your IAR would receive if you participated in other DaVinci programs, programs of other investment advisers or paid separately for investment advice, brokerage, and other client services. The fees that your IAR pays to DaVinci could be less for some programs and services than other programs or services. In such cases, your IAR has a financial incentive to recommend advisory services in one program or service over other DaVinci programs and services. However, your IAR will factor in the fees DaVinci will charge them when negotiating the account fee with you. In addition, your IAR may only recommend a program or service that he or she believes is suitable and in your best interest in accordance with the applicable standards under the Investment Advisers Act of 1940. DaVinci reviews managed accounts in the various programs for suitability over the course of the advisory relationship.

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 Firm Brochure under "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" of our Firm Brochure 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.

## **REVIEW OF ACCOUNTS**

As described in our advisory services agreement, your IAR will 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. Your IAR will generally review your accounts with you at least once annually. We encourage you to contact your IAR if there is a significant change in your personal circumstances impacting your investment objectives, personal goals, risk tolerance, risk management needs, tax planning, estate planning, retirement planning or the like. Certain events which impact these areas may trigger your IAR to perform an off-cycle review of your accounts. Major market or economic events are some examples of triggering events. We will recommend rebalancing your accounts, as appropriate, or other actions to address your current circumstances and market conditions.

## **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 IARs may participate in various marketing programs but do not pay a fee for any lead or solicitation of a potential client.

We may also be compensated by LPL, our broker-dealer, in different ways for example, payments based on production, reimbursements of fees we pay to LPL for items such as administrative services, and other things of value such as free or reduced-costs marketing materials, as well as attendance at LPL conferences and events. Payments in connection with transition assistance to an IAR are designed to offset the cost associated with an industry career move and to reduce the financial burdens on the IAR and potential clients. These payments are typically based on the IAR's overall production and/or on the amount of assets serviced by LPL as a custodian or broker dealer. As a result of this compensation, our IARs may have a financial incentive to recommend some services or programs to you.

We may benefit when LPL or a mutual fund company, without cost and/or at a discount, provides 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, and marketing support.

You do not pay more for investment transactions effected and/or assets maintained at LPL as a result of these arrangements. There is no commitment made by us to LPL 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 will debit the fee you authorized the custodian 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. We urge you to review your statement. It is important for you to carefully review your account statements to review your fee calculation, and investment holdings, 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 obtaining your permission prior to each transaction.

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 the Client Services Agreement with our firm, and you may limit this authority by giving us written instructions. You may also change/amend such limitations by 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.

You will receive proxy materials directly from the custodian or transfer agent. If your account is part of a plan subject to ERISA, the applicable ERISA plan documents will determine who receives the proxy materials and who is responsible for voting proxies. Typically, rights to vote proxies are reserved to the plan trustees or the investment manager who is the custodian of the assets.

We do not offer you any consulting assistance regarding proxy issues although your IAR may answer your general questions regarding the proxy materials.

DaVinci does not render advice to or take any actions on behalf of clients with respect to any legal



proceedings including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and does not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of clients with respect to transactions, securities, or other investments held in client accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation with respect to transactions, securities or other investments held in client accounts is expressly reserved to the client. DaVinci IARs may buy or sell for their own accounts the same securities, which may be recommended to clients.

## **FINANCIAL INFORMATION**

Since DaVinci is an advisory firm that maintains discretionary authority for client's accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our obligations. We have no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client, more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

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