



Part 2A of Form ADV

Firm Brochure

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DGS CAPITAL MANAGEMENT, LLC

Office Address: 101 Hudson Street, 21st Floor, Jersey City, NJ 07302

Web: www.dgs.capital

This brochure provides information about the qualifications and business practices of DGS Capital Management, LLC ("DGS," "we," the "Form," or the "Company." If you have any questions about the contents of this brochure, please get in touch with us at info@dgs.capital or at www.dgs.capital. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about DGS Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the U.S. Securities and Exchange Commission or state authorities does not imply a certain level of skill or training, and no inference should be made to the contrary.



ITEM 1: COVER PAGE

Please refer to the previous page.

ITEM 2: MATERIAL CHANGES

None.

Since our last filing, there have been the following material changes to report.

Future Changes: From time to time, we may amend this Disclosure Brochure to reflect changes in business practices, regulations, and routine annual updates as required by the securities regulators. We shall provide the complete Disclosure Brochure to each Client annually.

You may also request a copy of the Disclosure Brochure at any time by contacting us at the number listed on www.dgs.capital or by emailing us at info@dgs.capital.



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ITEM 4: ADVISORY BUSINESS

ABOUT DGS CAPITAL MANAGEMENT, LLC

DGS Capital provides direct indexing services to individuals and institutions through intermediaries such as wealth managers, RIAs, and multi-family offices. The firm's direct indexing offerings specialize in tax-efficient, factor-based, and values-based investing. DGS offers turnkey asset management services (TAMP) for a subset of clients and manages domestic fixed-income portfolios.

DGS Capital Management was founded in 2016 and is structured as an LLC registered in Delaware. Ashish Sharma solely owns DGS Capital Management. Ownership interests are outlined in Part 1 of Form ADV.

TYPE OF ADVISORY SERVICES

Direct Indexing

DGS provides discretionary direct indexing equity strategies with three key focus areas:

- 1) Tax-managed investing
- 2) Factor-based investing
- 3) Values-based investing

The direct indexing strategies offered by DGS provide three primary benefits relative to mutual funds and ETFs: improved after-tax returns, systematic and low-cost approach to factor-based and values-based investing, and client-specific customizations. The strategies managed by DGS aim to either track the returns of a broad market-based index (the benchmark index) or outperform the relevant benchmark on a risk-adjusted basis using investment styles including, but not limited to, quality, value, and low volatility.

In addition to the standard, pre-configured set of direct indexing strategies that DGS offers, clients can tailor the strategy to meet their needs and requirements. These customizations may include restrictions against certain companies, elimination of or adjustment to specific industries/sectors/countries, including factor tilts, or adding customized values-based constraints (also called environmental, social, and governance - or ESG - investing).

Each strategy has its own expected risk and return characteristics relative to broad market indices, and clients may select investment strategies consistent with their requirements and objectives. DGS helps intermediaries and their clients select the investment strategy that would best serve their specific needs. Once the Client has chosen the investment strategy and target asset class, DGS is responsible for implementing the strategy and its ongoing management and supervision. Clients are free to change their strategy at any time by contacting DGS in writing and should also inform DGS if there are any changes to their investment objectives, goals, or constraints.

DGS's direct indexing strategies form the core of its service offering. Please refer to Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss for more information regarding these strategies.

Fixed Income Strategies

DGS provides discretionary fixed-income separate account management for a limited number of clients. The primary focus area of fixed income separate account management is building treasury bond strategies. Once the clients have selected the target duration for the portfolio, DGS is responsible for implementing the strategy and its ongoing management and supervision.

Turnkey Asset Management Program

DGS offers a turnkey asset management program ("TAMP") to select advisors currently utilizing DGS's direct indexing strategies or intend to use DGS's direct indexing strategies. In addition to managing the direct indexing strategies, DGS

provides several other services related to investment management, trading, and operations. These may include, but are not limited to, the selection of ETFs, mutual funds, and other pooled investment vehicles, the creation of model portfolios, firm-wide rebalancing, ad-hoc trading, performance reporting, billing and fee calculation, and invoice generation. DGS does not provide these TAMP services in isolation. They are only offered to advisors currently using DGS's direct indexing strategies or those who intend to use them. There is no guarantee that DGS will accept the TAMP relationship, even for existing direct indexing strategy clients, and DGS determines eligibility on a case-by-case basis. For advisors offered the TAMP services, the primary advisor will work with the end client to determine the appropriate asset allocation and notify DGS of any adjustments that may be needed in the target asset allocation based on changes in the Client's investment goals, needs, or constraints.

Wealth Management Services

For a limited number of clients, DGS offers discretionary wealth management services. In addition to providing direct indexing strategies, these services may include asset allocation, security selection, and the purchase of publicly available mutual funds and ETFs. These services may also summarize a client's assets, liabilities, and current and anticipated income and expenditures. However, the wealth management services are not comprehensive and focus primarily on managing investment portfolios. DGS is currently not accepting any new wealth management relationships.

Advisory Agreements

Written and signed advisory agreements govern the terms and conditions of the relationship between DGS and the Client accounts that DGS manages. DGS uses two types of agreements: Sub-Advisory Agreements and individual Investment Advisor Agreements.

RIAs and wealth managers ("Intermediaries") acting as the primary advisor on a client account enter into a master Sub-Advisory agreement with DGS when DGS is selected to manage portfolios for the Intermediaries' clients as a sub-advisor. The Intermediaries are responsible for providing the Client with DGS's ADV and the master Sub-Advisory Agreement before the Client signs the LPOA forms that grant DGS trading authority to manage the account on a sub-advisory basis. Client accounts not managed on a sub-advisory basis enter into an individual Investment Advisory Agreement with DGS.

As of 03/29/2024, DGS has \$446,675,066 assets under management on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

As an adviser to its clients, DGS is compensated by an annual fee charged as a percentage of the assets under management. DGS may bill its clients in advance or incur arrears following the terms of the agreement. Fees are negotiable at DGS's sole discretion and may differ based on the account size and relationship with the Client.

Direct Indexing Strategies

For its direct indexing services, DGS charges an annual management fee based on a percentage of client assets under management (including, but not limited to, cash balances and cash in money market funds, closed-end funds, and ETFs), as described in the standard fee schedule below, with an annual minimum of \$2,500 per account. The fees are typically payable quarterly in arrears. The yearly minimum of \$2,500 may be waived or negotiated based on the relationship and the average account size.

Below are the standard annual investment advisory fees for the direct indexing strategies:

| | |
|--------------------------|--|
| Plain Indexing: | 0.25% of assets under management |
| Factor-Investing add-on: | Additional 0.05% assets under management |
| Tax-Management add-on: | Additional 0.10% assets under management |

Values-Investing add-on: Additional 0.15% of assets under management

Turnkey Asset Management Program

DGS charges an annual management fee for TAMP services based on a percentage of client assets under management. Advisors can pass the cost on to their clients, in which case DGS debits the Client accounts directly. Advisors can also pay DGS directly, in which case DGS invoices the advisor. In some instances, advisors may pass on the cost of direct indexing strategies to the clients and pay themselves for the remaining assets under management. The fee for DGS's TAMP services typically ranges between 0.20%-0.40% depending on the advisor's account mixture and the services DGS provides.

Wealth Management Services

DGS provides wealth management services for a limited set of clients. For its wealth management services, DGS charges an annual management fee based on a percentage of client assets under management. The fee for this service is 1.00%, subject to a yearly minimum of \$10,000 per household. Fees may be negotiable depending on the Client's circumstances, and DGS evaluates any changes to the fee structure case-by-case. Instead of a percentage-based fee, DGS may offer clients a flat annual retainer fee independent of the Client's assets under management. These fees are typically payable quarterly in arrears. The fees for any direct indexing strategies used for wealth management clients may be billed separately in addition to those paid for wealth management services. Unless clients pay an all-inclusive fee for wealth management and direct indexing services, a conflict exists since DGS earns more fees by allocating client assets to DGS's in-house direct indexing strategies. To mitigate this conflict, direct indexing strategies are only recommended to clients if they fit the Client's investment goals and requirements. Additionally, the fees charged for the direct indexing strategies are comparable to the fees for using other investment vehicles that provide similar benefits.

Billing of Advisory Fees

Fees for non-wrap program clients are typically billed quarterly in arrears based on the total account value at the end of the prior quarter. They are deducted directly from each Client's account by their custodian and paid directly to DGS unless otherwise specified in writing by a client. Advisory fees charged by our firm may be subject to local and federal taxes.

Clients provide DGS with the consent to deduct fees in the written agreement they enter with DGS. The Client also consents to the custodian by submitting a limited power of attorney that typically assigns DGS discretionary trading authority and the authority to debit fees by submitting invoices directly to the custodian. Clients' custodians deliver an account statement periodically (at least quarterly) directly to clients. The statements include all transactions in the account during the period covered, including any fees deducted and paid to DGS.

Clients are encouraged to review their account statements for accuracy and compare them to any reports received from DGS. Should there be any discrepancies, clients should rely on the information in their custodian's account statement.

Since investment advisory fees are typically billed quarterly in arrears, if the contract is terminated during a quarter, the amount due is prorated for the period services were provided. If fees are charged in advance and a contract is terminated during a quarter, the portion of the fee paid for the remainder of the period may be refunded. Clients who are charged their fee in advance and terminate their agreement during the quarter should contact their DGS representative or the chief compliance officer to request a refund by providing in writing the address to which the prorated fee, if applicable, should be mailed. The amount refunded will be prorated according to the portion of the quarter that was prepaid and not earned. For fees charged in arrears, the amount due is prorated for the period services were provided.

Other Fees

The fees described above are specific to DGS's services. Clients may be responsible for any additional fees and expenses charged by third parties such as custodians and brokers, including, but not limited to, any commissions incurred from transactions placed in the Client's account(s). For additional information, please refer to the "Brokerage Practices" section (Item 12) of this Form ADV. All fees paid to DGS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and costs are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Clients could invest in a mutual fund or ETF directly without our services. In that case, the Client would not receive the services our firm provided, among other things, designed to assist the Client in determining which mutual funds and ETFs are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the Client and evaluate the advisory services being provided.

DGS charges an hourly rate of \$350/hour for any work conducted outside the scope of the investment advisory agreement or external to the assets held under the discretionary management of DGS. Such work may include the analysis of external investment portfolios or analysis of individual securities not held in accounts managed by DGS.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

DGS does not charge performance-based fees. As a result, DGS does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts with a different fee structure. As described in Item 5, our fees are based on assets under management following the Advisers Act Rule 205(a)(1). While accounts may be managed with the same investment style and target index, the underlying holdings will likely differ based on various reasons, including, but not limited to, time of implementation, account size, legacy holdings, or client-specific restrictions.

ITEM 7: TYPES OF CLIENTS

Types of Clients

- Registered Investment Advisors (RIAs)
- Individuals, High-Net-Worth Individuals, and Trusts

Except for a few legacy relationships, DGS currently works exclusively with RIAs. RIAs usually manage a diverse set of client accounts, including, but not limited to, individuals including high net-worth individuals, estates, trusts, charitable organizations including family trusts, endowments, and foundations, retirement plans such as pension and profit-sharing plans, corporations, limited liability companies, and other institutional accounts. Though not listed directly under our list of clients, DGS can manage any of these client account types on a sub-advisory basis.

Conditions for Managing Accounts

DGS has specific minimum account size requirements to open an account. These minimum account requirements are based on the type of relationship (direct or through an intermediary). They may be changed in certain circumstances provided that regulatory-mandated minimums are being met. The Client must agree to custody assets at a qualified custodian with whom DGS has an existing relationship or with whom DGS agrees to establish a new custodial relationship. The Client must grant DGS the authority to manage their account by providing the custodian with a Limited Power of Attorney ("LPOA"). The LPOA grants DGS discretionary trading authority, allowing us to implement and manage the account based on the agreed-upon investment strategy.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Method of Analysis

DGS provides discretionary asset management using quantitative investment strategies. Quantitative investment analysis involves studying large amounts of data using models to determine the relative attractiveness of securities. DGS uses traditional fundamental metrics, such as valuation and profitability, and technical indicators, such as momentum. Determining and calculating these various factors, the portfolio construction process, the optimization methodology, the account review process, and the trading procedures form the foundation of DGS's investment process.

DGS does not use traditional sell-side research reports or third-party security recommendations to construct its portfolios. DGS leans on extensive academic and internal research to determine the feasibility and capacity of new investment strategies. The internal research uses fundamental and market data from firms including, but not limited to, Morningstar, Bloomberg, MSCI, and FactSet. The strategies are implemented using a systematic, rules-based process that is objective and repeatable.

Direct indexing Strategies

DGS's primary focus is on public equity markets. We offer a wide range of direct indexing strategies to advisors, family offices, institutions, and high-net-worth individuals. All strategies are based on a shared investment philosophy and are implemented using a systematic and disciplined approach. These low-cost, diversified strategies offer a compelling alternative to passive indexing and traditional active management.

A. Active Tax Management

DGS's Active Tax Management strategy allows investors to replicate the returns of an equity index on a pre-tax basis and potentially outperform it on an after-tax basis. Taxes can significantly drag investment returns, and we believe clients with taxable assets must incorporate tax management as an integral part of their investment strategy. The 'tax-alpha' or after-tax outperformance is added using sophisticated loss harvesting techniques combined with lot-level accounting.

B. Factor-Investing

DGS's Factor-Based strategies allow clients and advisors to create portfolios that mimic alpha-seeking active strategies by providing a systematic bias to popular factors including, but not limited to, profitability, value, dividend yield, momentum, and low-volatility. Actively managed funds have historically underperformed passive benchmarks owing to higher costs and a lack of a systematic, repeatable process. Smart beta ETFs provide a better alternative than traditional active management, but they offer limited customization and usually suffer from inadequate liquidity for larger accounts. DGS's Factor-Tilt strategy provides the best of both worlds, offering access to a broad set of investment factors with the low-cost and diversification benefits associated with passive strategies. For taxable accounts, DGS can easily integrate the active-tax management overlay.

C. Values-Based Strategies

DGS's Values-based strategies allow clients to build portfolios that represent their specific set of values and beliefs. Environmental, social, and governance (ESG) factors are the primary pillars of values-based investing. DGS sources extensive ESG data from industry-leading research providers. This allows us to offer our clients a diverse and comprehensive set of criteria from which to choose. Clients can choose a plain index as their target asset class or combine their ESG strategy with the Factor-Tilt strategy. Additionally, Active-Tax Management can be integrated into the strategy for taxable accounts.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that the future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds,

bonds, etc.) involves risk of loss. Further, depending on the type of investment, there may be varying degrees of risk. Clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There can be no assurance that a Client's investment objectives will be achieved, and no inference to the contrary is being made. Before entering into an agreement with DSG, a Client should carefully consider: (1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the markets can occur, and (3) that over time the Client's assets may fluctuate and at any time be worth more or less than the amount invested.

Some additional general investment risks Clients should be aware of include, but are not limited to, the following.

Market Risk: The price of a stock, bond, mutual fund, or other security may drop due to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances.

Equity Risk: Since the strategies invest in equity securities, they are subject to the risk that stock prices may fall over short or extended periods. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry or economic trends and developments. The prices of securities issued by such companies may decline in response. These factors contribute to price volatility, the principal risk of investing in our strategies.

Foreign Risk: Since DGS provides strategies catering to global equity markets, many investments may be in overseas markets (international securities). These pose unique risks, including currency fluctuation and political risks, and such investments may be more volatile than those of a U.S.-only investment. The risks are generally intensified for investments in emerging markets.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Interest Rate Risk: Interest rate risk is associated with movements in interest rates, which depend on various factors, including, but not limited to, government borrowing, inflation, and economic performance. The value of investments may change with a change in interest rates. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed-income securities can be expected to decline.

Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near its fair market value. The primary measure of liquidity risk is the security's bid-ask spread and the available volume that can be traded without making a price impact. The lack of liquidity may force one to spend more than the fair market value when purchasing a security or receive less than the fair market value when selling a security.

Credit Risk: Debt securities are subject to the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to price volatility due to factors such as interest sensitivity, market perception, or the issuer's creditworthiness and general market risk.

Mutual Fund Risk: This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities also apply to investments in mutual fund units. Further, scheme-specific risk factors of each underlying scheme, including the performance of their underlying stocks, derivatives instruments, stock lending, offshore investments, etc., will apply to investments in mutual fund units. In addition, events like changes in the fund manager of the scheme, takeover, mergers, and other changes in the status and constitution of mutual funds, foreclosure of

schemes or plans, and changes in government policies could affect the performance of the investment in mutual fund units.

ITEM 9: DISCIPLINARY INFORMATION

DGS Capital has no legal or disciplinary events and thus has no information to disclose regarding this item. Clients can obtain the disciplinary history of DGS Capital or its representatives from the federal or state securities divisions upon request.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

DGS Capital Management, LLC is affiliated with DGS Capital Management Private Limited, a portfolio management firm domiciled in India as disclosed in Form ADV Part I. DGS Capital Management Private Limited is a Portfolio Manager registered with the Securities and Exchange Board of India that works with clients based out of India and provides portfolio management services focused exclusively on investing in the Indian markets. The two firms may share intellectual property and other resources for mutual benefit, provided that the sharing of such resources meets all regulatory and compliance standards. The firms may refer Clients or prospects to each other or other wealth managers, accountants, tax specialists, attorneys, and other professionals. Furthermore, such professionals may refer their Clients or prospects to DGS. Referrals to and from DGS are made without compensation or other commitment unless otherwise disclosed in this document in Item 14: Client Referrals and Other Compensation.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics: DGS has adopted a detailed Code of Ethics that all employees must follow. The code provides personnel with guidance for ethical obligations regarding their fiduciary duties that form the basis of all client dealings and their personal securities transactions. Specifically, the code describes all employees involved with portfolio management or trading as Access Persons who must report all personal trades and investment holdings (unless the investment accounts can only invest in pooled investment vehicles such as mutual funds). The code also provides procedures for employees to report any violations. The code is reviewed and distributed annually, and all employees must certify that they have read and understood the Code of Ethics and agree to follow it.

CFA Asset Managers Code of Professional Conduct: Since DGS primarily functions as an investment manager, DGS has also adopted the Asset Managers Code of Professional Conduct developed by the CFA Institute to serve as the foundation of its ethical practices concerning investment management. The CFA Institute developed the code in consultation with investors and asset managers to outline the ethical and professional responsibilities of asset managers investing on behalf of Clients. The code provides practical guidelines in six main areas of conduct designed to apply to all facets of the manager-client relationship.

1. Loyalty to Clients
2. Investment process and actions
3. Trading
4. Risk management, compliance, and support
5. Performance and valuation
6. Disclosures

In addition to the detailed guidelines for each area of conduct, the general principles of the code state that DGS has the following responsibilities to its Clients:

- To act in a professional and ethical manner
- To act for the benefit of Clients
- To act with independence and objectivity
- To act with skill, competence, and diligence
- To communicate with Clients in a timely and accurate manner
- To uphold the rules governing capital markets

Participation or Interest in Client Transactions

DGS does not affect any principal or agency cross securities transactions for Client accounts, nor do we affect cross-trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its account or the account of an affiliated broker-dealer, buys/sells any security from/to any advisory Client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as a broker for both the advisory Client and for another person on the other side of the transaction. Should we ever decide to affect principal trades or cross-trades in Client accounts, we will comply with the provisions of Rule 206(3) of the Advisers Act.

Personal Trading

DGS permits personal account trading, which may include securities purchased by DGS for its Clients, creating a potential conflict of interest. The code clearly outlines that DGS and its associated persons must prioritize investments made on behalf of the Client over those that benefit the managers' interests. Additionally, the code states that DGS must deal fairly and objectively with clients when providing investment information, making investment recommendations, or taking action on investments.

While transactions are unlikely to coincide, any negative impact of overlapping trading is minimized because of the nature of the investment strategies clients and employees may invest in. Since most accounts are benchmarked to diversified market indexes and are usually subject to tracking error constraints, most securities are under 5% of the portfolio value. The diversified nature of the direct indexing strategies managed by DGS generally means that the average transaction size as a percentage of the account is typically under 0.50%. The largest securities in client accounts, which correspond to the largest trades, also tend to be the largest companies in the target asset class, limiting simultaneous trades' impact on market prices. Additionally, as part of the firm's investment process, the liquidity of securities is considered before making them eligible for purchase. Securities that do not have enough liquidity may be removed from the list of eligible securities; this ensures that the impact on prices due to trading by DGS is minimized and reduces the probability of a conflict of interest with personal trading concerning the front running of trades.

ITEM 12: BROKERAGE PRACTICES

Selection Criteria

The selection of the broker-dealer used for executing transactions depends on several factors, which are summarized below.

- **Execution Rates:** DGS will select brokers that provide the lowest execution rates (all else equal). Brokers may have different rates depending on the type of Clients, the total amount traded with the broker, and the types of securities traded. Execution rates include commissions charged directly by the broker and any additional charges, such as trade-away or settlement charges charged by the custodian or the clearing member.

- **Execution Quality:** DGS will select brokers that provide the best execution (all else equal). There is no single metric that can be used to measure execution quality. Generally, execution quality is measured using price improvement and execution speed.
- **Ease of Execution:** DGS will select brokers that provide the most seamless trade execution processes (all else equal). Some brokers allow trades to be routed using an Order Management Process (OMS), while certain brokers require spreadsheets to be emailed with instructions provided either online or over the phone. Brokers may allow access to trade execution reports from an online platform or send reports via email in spreadsheet format.

All these factors are considered when deciding which brokerage services to use to execute trades for Client accounts.

Cost to "Trade-Away"

Firms such as Charles Schwab and Fidelity generally do not charge clients a separate fee for custody services. Instead, they are compensated by charging commissions for trades they execute and settle in client accounts. They may charge a fixed fee per trade or a percentage of assets under management (asset-based pricing). These firms also allow DGS to trade securities for the Client's account through other brokers (called trading away). In addition to the fee paid to the outside broker, custodians will charge a flat-dollar fee for each trade per account executed outside of their brokerage platform – at the time of this writing, the cost to trade away was \$25 at Schwab and \$20 at Fidelity. Given the diversified nature of direct indexing strategies, the average trade size makes the cost of trading away prohibitively expensive. Due to this, to minimize transaction costs, DGS chooses to execute trades with the custodian/broker of the client account. Starting in 2019 and 2020, most custodians either reduced or eliminated commission charges for securities traded on U.S. exchanges for clients of DGS, further improving the benefit of trading directly through the custodian's brokerage services.

Commissions, Soft-Dollar Arrangements, and Directed Brokerage

DGS has tailored its broker selection process to mitigate potential conflicts of interest. These policies directly align the interests of DGS with those of its clients in relation to all brokerage-related services.

- DGS does not charge any commissions on trades.
- DGS does not have any soft-dollar arrangements with brokers.
- DGS does not allow clients to choose brokers.
- DGS does not direct brokerage in exchange for client referrals.
- DGS does not direct brokerage in exchange for research, services, or products unrelated to trade execution.

ITEM 13: REVIEW OF ACCOUNTS

The majority of DGS's AUM is managed using direct indexing strategies. DGS has developed a platform for reviewing and managing these accounts. All accounts utilizing the direct indexing strategies are examined daily for various metrics that may impact the risk/return characteristics of the account. Taxable accounts are reviewed for loss harvesting opportunities. If any measured metric goes beyond its predefined constraints, that account is flagged for review. A flagged account for review may not necessarily be rebalanced or traded.

For mutual fund and ETF portfolios (assets outside of the direct indexing strategies), the asset allocation of those accounts is monitored periodically, usually weekly, and accounts are rebalanced if the current asset class weights have moved beyond predefined allowable variance. DGS reviews accounts at least annually or when markets warrant. An account may also be reviewed ad-hoc if there is a change in client circumstances. The reviews may include checking various metrics, including, but not limited to, the cash balances, the asset allocation, and the account's performance on an absolute or relative basis.

The qualified custodian prepares client account reports, including a summary of the account balance, account holdings, and transactions. These statements are sent directly to clients either electronically or as a hard copy, depending on the Clients' preferences. The custodian typically sends out these reports quarterly.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Currently, DGS does not have any referral or solicitor arrangements.

DGS may pay referral fees to independent persons or firms ("Solicitors") to introduce clients to DGS. Suppose a referral fee is applicable; in that case, the Solicitor must provide the prospective Client with a copy of this document (Firm Brochure) and a separate disclosure statement that includes the following information.

- the Solicitor's name and relationship with DGS;
- the fact that the Solicitor is being paid a referral fee or receiving any other related benefits;
- the amount and type of fee, and
- whether the fee charged to the Client by DGS will be increased above the usual fee to compensate the Solicitor

In an instance where DGS does set up a solicitor relationship, our policy would be not to increase the advisory fees payable by the Client to cover referral fees.

ITEM 15: CUSTODY

Custody, as it applies to investment advisors, is not limited to having physical possession of client assets. Regulators have defined it as having access or control over Client funds or securities. If an investment adviser has access to or can control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. However, regulators do not deem the authorization to trade in Client accounts to be custody.

DGS is deemed to have custody of client funds and securities whenever DGS is given the authority to deduct fees directly from client accounts. This is the only form of custody that DGS maintains.

For accounts in which DGS is deemed to have custody, the following procedures have been established to ensure the safety of client assets:

- All client funds and securities are held at a qualified custodian in a separate account for each Client under that Client's name.
- Clients open the accounts directly with the custodian and are therefore aware of the qualified custodian's name, address, and how the funds or securities are maintained.
- Clients have access to the custodian's online platform, where they can log in to view their account balances and holdings at any time. Clients should carefully review any statements they receive from DGS and compare them with those delivered by the custodian or online data on the custodian's portal.
- Clients can discuss or clarify their statements with DGS during regular business hours.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority

Clients provide DGS discretionary authority to manage their accounts by executing the Limited Power of Attorney (LPOA), allowing the custodian to receive investment instructions from DGS and signing the Client agreements. The Client Agreement and LPOA provide DGS with the authority to manage the portfolio according to the agreed-upon

strategy, to buy and sell securities, invest or raise cash, deduct any fees, and perform any other actions consistent with the ongoing management and supervision of the portfolio.

In certain circumstances, Clients may provide DGS with restrictions to incorporate into the investment objectives and strategy. However, DGS still maintains discretionary authority, and the Client may not ask DGS to make additional investment decisions outside the scope of the agreed-upon restrictions.

ITEM 17: VOTING CLIENT SECURITIES

DGS invests primarily in equity securities through its direct indexing strategies. As such, DGS may be delegated the responsibility of voting proxies. DGS relies on third-party service providers to vote for proxies that are consistent with what we believe is in the Client's best interest.

The responsibility for voting proxies on behalf of a client account is typically assigned to DGS in the investment management agreement or the LPOA forms submitted to the custodian. Once DGS has agreed to vote proxies on behalf of a client account, it will instruct the Client's custodian to forward all proxy materials to the proxy voting service provider DGS engages in administering proxy voting.

For those clients for whom DGS has undertaken the responsibility to vote proxies, DGS will retain final authority and responsibility for such voting. DGS will not accept a client's instructions on how to vote a proxy unless DGS has requested such instructions due to a conflict of interest. There may be certain instances when DGS may choose not to vote proxies, including, but not limited to, instances where a proxy ballot is received for a client account that is no longer managed by DGS, where a proxy is received for a security that is no longer being managed, or when voting a proxy would restrict DGS's ability to trade the underlying security.

A client can request a complete copy of our current proxy voting policies and guidelines or request information on how we have voted proxies by policy by emailing us at info@dgs.capital.

ITEM 18: FINANCIAL INFORMATION

DGS does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance, and therefore is not required to provide and has not provided a balance sheet. We do not have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients and have not been the subject of a bankruptcy proceeding.