

Item 1 Cover Page

**Part 2A of Form ADV: Firm Brochure**

**Open Source Investments, L.L.C.**

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This brochure provides information about the qualifications and business practices of Open Source Investments, L.L.C. ("Open Source"). If you have any questions about the contents of this brochure, please contact us at (985) 231-0808 or email us at [scapace@opensourceinvestments.com](mailto:scapace@opensourceinvestments.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Note: While Open Source Investments, may refer to itself as a "registered investment adviser" or "RIA" you should be aware that registration itself does not imply any level of skill or training.

Additional information about Open Source also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 2 Material Changes

This section describes the material changes to our Brochure since its last filing on March 2022.

- **Item 4,**  
Assets under management  
**\$104,366,019**  
**Addition of Pontera 401k management**
- **Item 5**  
**Description of Pontera**

**Annual Update**

The Material Changes section of this brochure is updated to report any material changes to the previous version of Form ADV, Part 2 (the Firm Brochure). The section below provides a summary of material changes since the last update.

**Summary of Material Changes since the Last Update**

The U.S. Securities and Exchange Commission requires that each Investment Adviser provide its new clients with a copy of its Form ADV, Part 2A. The rule requires completion of specific mandatory sections and those sections are to be organized in the order specified by the rule.

Investment advisers must update the information in their Form ADV, Part 2A, when a material change has occurred. Open Source Investments (“Firm” or “Open Source”) is updating its Form ADV, Part 2A, dated March 2022, to report the following:

- Assets Under Management were updated to reflect totals as of December 31, 2023;
- Any other updates.

The revised Form ADV, Part 2A, for Open Source Investments, is dated February 2024.

### Item 3 Table of Contents

Item 1	Cover Page .....	1
Item 2	Material Changes .....	1
Item 3	Table of Contents.....	2
Item 4	Description of Advisory Business .....	3
Item 5	Fees and Compensation.....	3
Item 6	Performance-Based Fees .....	4
Item 7	Types of Clients .....	4
Item 8	Methods of Analysis.....	5
Item 9	Disciplinary Information.....	5
Item 10	Other Financial Industry Activities .....	5
Item 11	Code of Ethics.....	5
Item 12	Brokerage Practices.....	6
Item 13	Review of Accounts.....	6
Item 14	Client Referrals.....	6
Item 15	Custody .....	7
Item 16	Investment Discretion.....	7
Item 17	Voting Client Securities .....	7
Item 18	Financial Information .....	7

## Item 4 Description of Advisory Business

Open Source is a registered investment advisory firm founded in 2017 by Scott Capace and Joseph Zinsel in Covington, Louisiana. Capace and Zinsel have a combined 32 years of experience in the investment management business. Open Source is engaged in asset management advisory services for individuals, trusts, foundations, and corporations on either a discretionary or non-discretionary basis. Open Source generally performs advisory services for each client under the terms of an investment advisory agreement between Open Source and the client “Advisory Contract”. Within a given strategy – and consistent with the strategy’s stated investment objectives, policies and restrictions, Open Source typically exercises exclusive investment discretion regarding the purchase or sale of securities or other investments. Open Source may also agree to manage a client’s account subject to certain reasonable restrictions the client imposes on the inclusion of specific securities, or types of securities, within that account. Item 8 provides additional detail about the various investment strategies Open Source offers.

Each client meets with an advisor regarding Open Source’s investment approach and to discuss the client’s investment assets and the client’s investment objectives. The interview includes discussions relative to investment goals, risk and volatility tolerance, investment time horizons, and basic financial data. Client input is carefully considered and a client’s wishes regarding the inclusion or exclusion of certain investment vehicles or asset classes is adopted after discussions regarding their goals and specific portfolios. Open Source may use a variety of financial instruments including individual equities, mutual funds, exchange traded funds (ETFs), index basket securities (Spiders, Webs, etc.), conservative option strategies, international investments, and fixed income. In certain cases, all or a portion of a client’s advisory services may be obtained from other registered investment advisers. We do not participate in any wrap fee programs.

We provide an additional service for accounts not directly held at our primary custodian, but where we do have discretion, and may leverage an Order Management System to implement a rebalancing strategy on behalf of the client. These are primarily 401(k) accounts. These accounts are managed using a system provided to us through Pontera. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

Although we generally exercises investment discretion for each account that we advise, the portfolio composition within the same investment objective may, at any given time, differ as to composition. As a result, the performance of an account within a particular investment objective may differ from other accounts within that same investment objective. Clients should not expect that the performance of their portfolios will be identical to that of the Open Source average for that investment objective. These differences in portfolio composition are attributable to a variety of factors, including, but not limited to, the type of account (e.g., manner of trade execution), clients’ restrictions and guidelines, sizes and significant account activity (e.g., significant number of contributions and/or withdrawals).

Open Sources Assets under management (as of December 31, 2023)

- Discretionary: \$104,366,019
- Non-Discretionary: \$0
- Total: \$104,366,019

## Item 5 Fees and Compensation

Our fees are computed as a percentage of assets managed pursuant to a sliding scale and are listed below on an annualized basis:

### **ANNUAL FEE**

### **AMF - Allocation and Managed Funds**

- \$0-\$250,000 - 1.3 percent
- \$250,000-\$500,000 - 1.2 percent
- \$500,000-\$750,000 - 1.1 percent
- \$750,000-\$1,000,000 - 1.0 percent
- >\$1,000,000 - 0.8 percent

#### **OASIS Program**

- \$0-\$250,000 - 1.95 percent
- \$250,000-\$500,000 - 1.8 percent
- >\$500,000 - 1.7 percent

Our fees are negotiable in some circumstances. Our fees are payable quarterly on the first day of each quarter, and are computed upon the market value of the assets covered by this agreement as of the last working day of the month prior to the quarter in question. If services to be rendered hereunder shall commence or terminate on a day other than a normal billing date, the fee shall be fairly and equitably prorated. Normally, when authorized, our fees are deducted directly from client custodial accounts. We do not collect fees in advance.

Clients are responsible for brokerage fees and limited custody and administrative fees. We strive to negotiate favorable fees on the client's behalf when possible. (This is discussed further in Item 12 below.) We receive no transaction fee or any other compensation via client trading activity nor do we charge any exit or cancellation fees. None of our supervised persons accept compensation for the sale of securities or other investment work product.

For certain clients, Open Source Investments LLC charges an advisory fee for services provided to the held away accounts mentioned above in Item 4. This fee is deducted from an account under Open Source Investments LLC's management or paid directly by the client on a quarterly basis. Fees are typically based on the assets within these held away accounts and are charged according to the valuation of the accounts at the close of the quarter as valued by the account custodian. Fees will typically be based on the client's full portfolio value, including the held away accounts. The specific fee schedule charged by Open Source Investments LLC is established in a client's written agreement with Open Source Investments LLC. Client acknowledges that for the held away accounts, the current order management system utilized by Open Source Investments LLC is provided by Pontera.

#### **Additional Expenses**

When Open Source invests a client's assets in a mutual fund, or exchange-traded fund, the client may incur additional expenses and fees as a shareholder of those mutual or exchange traded funds. These additional expenses may include: advisory/management fees, distribution fees, administrative expenses, and other fund operating expenses. Clients wishing to obtain more information about the fees and expenses that may apply due to investing in mutual funds or exchange-traded funds should contact Open Source. Clients may also obtain more information by reviewing the relevant prospectus(es) for the underlying mutual funds or exchange-traded funds in which the clients' assets are invested

#### **Item 6 Performance-Based Fees**

We do not charge performance-based fees.

#### **Item 7 Types of Clients**

Our clients consist primarily of individuals and small businesses and their respective investment plans. We do not have a minimum account size.

## Item 8 Methods of Analysis

### AMF vs OASIS

We manage using two distinct portfolios. Our AMF portfolio uses asset allocation and predominantly actively managed mutual funds though we may use any investment option we feel will be beneficial for our clients. This portfolio has higher internal fees due to the cost of the underlying mutual funds and lower management fees for our firm. This portfolio is adjusted based on the market and fund specific metrics. OASIS uses asset allocation also but uses predominately ETFs as the main investment vehicle. This portfolio can use any investment we feel will benefit clients. Specifically on the fixed income side we will use actively managed funds as well as ETFs depending on what will benefit the client most at that time. The OASIS program, unlike our AMF program, uses technical analysis and economic data to make determinations as to when we should pull out of the market and / or reduce exposure in both the equity and fixed income side of the portfolio. Technical analysis and economic data are also used to determine the sector weighting of portfolios. Using ETFs allow for much lower internal costs and most of the ETFs we use have zero trading costs.

Our starting point for our advice is our client. We focus on the client's investment objectives, risk tolerance, time horizons, financial and tax situation, existing investments, and other circumstances. We discuss them with our clients to understand their preferences and goals. Based on this discussion and our analysis, we recommend a strategy for that particular client consisting of a variety of no-load mutual funds, ETF's and individual securities constituting different asset categories that meets the client's investment goals and needs. Depending on the goals and objectives of the client, portfolios generally include fixed income securities to provide stability as well as income.

A typical portfolio is composed of mutual funds, exchange traded funds ("ETF's"), and select stocks and bonds. We analyze these securities using commercially available database services that publish information on investment products, research reports, financial newspapers and websites, and meeting with investment managers. Each portfolio is monitored and priced using custom-designed software to track and re-examine both performance and strategy. We buy and sell securities in your account from time to time to maintain the targeted allocation as well as to purchase securities that may better fit your investment needs. We have minimal turnover of assets in our managed accounts as we believe that turnover inhibits investment performance and incurs higher tax liabilities over time. Portfolio evaluations to clients are furnished quarterly, or as otherwise agreed upon. Investing in securities is inherently risky. This includes the risk that you could lose the value of your investments. We strive to reduce risk where possible through diversification and asset allocation. This diversification, however, does not reduce all risk. We believe it important that clients appreciate such risk and they communicate their tolerance for risk and loss to us. We do not recommend any particular type of security as we have a broad base of clients with varied needs and objectives.

## Item 9 Disciplinary Information

We have not had any complaints from clients or any legal or disciplinary action taken against us by any supervisory authority.

## Item 10 Other Financial Industry Activities

Our focus is on Open Source. We do not maintain any relationship with the financial industry that would cause a material conflict of interest for our clients.

## Item 11 Code of Ethics

In order to safeguard our clients' interests, we have implemented a comprehensive Code of Ethics, a full copy of which is available for review on request. Our Code establishes rules of conduct for employees and members of our firm including

personal transactions, conflicts of interest, insider trading, disclosure and reporting, gift policy, sanctions and reviews. Our Code is reviewed annually and updated as needed.

The Members of Open Source often invest their personal funds in the same securities that we recommend to clients. Before initiating a Personal Transaction, all trades must be pre-cleared by the Chief Compliance Officer (CCO) or the Assistant CCO. We evaluate all personal trades so that the clients' interests are placed first. Employees and firm members are prohibited from trading a given security on the same day as a client to avoid affecting the pricing or availability of a particular security. The Members may from time to time purchase or sell assets in their own accounts whether or not the same activities take place in Open Source managed accounts.

## **Item 12 Brokerage Practices**

We generally use Charles Schwab to process our clients' brokerage transactions and to custody their assets. Besides protection, convenience and peace of mind, our relationship with Schwab will enable Open Source to offer our clients:

- A broad range of investment management, cash management and retirement planning services
- Independent third-party account reconciliation
- A superior user experience through intuitive online and mobile access to accounts
- Streamlined account-consolidation capabilities
- Clear, comprehensive communications including an easy-to-read statement

Open Source does not receive any revenue from Schwab and receives no soft dollar benefits from any broker dealer. We believe that Schwab offers competitive custodial fees and commission rates and good execution. Nevertheless, clients should understand that fees may be less than this cost in certain circumstances if trades were executed by another broker/dealer. Clients are allowed to direct brokerage to other broker-dealers, but our belief is that volume discounts can be utilized effectively when we are allowed to choose the broker. Such designation to direct brokerage must be in writing and updated annually. Moreover, directed brokerage often acts as an impediment to best execution of client transactions. We believe that aggregation of orders is important to efficient and equitable execution among clients and try to utilize this procedure as much as possible. Accordingly, directed brokerage in many circumstances will cost our clients more money and hinder performance.

## **Item 13 Review of Accounts**

Accounts are reviewed at least quarterly by a Member to keep the asset allocation in conformity with investment objectives. Holdings are cross referenced to assure that clients are treated equally when action is required. On an annual basis, we send to each client a copy of that client's Confidential Client Questionnaire and request that the client update the information. In addition, we review annually each client's account in light of the client's investment objectives, risk tolerance and goals as stated in the Confidential Client Questionnaire. To the extent that the account is materially in conflict with the stated investment objectives and goals, we will contact the client to discuss the issue. Written portfolio evaluations are normally sent to clients on a quarterly basis unless a client requires a different interval. Evaluations are also furnished at any time by request. Reports include a statement of investments owned with cost basis, estimated income and market value. We also provide performance compared to appropriate indexes and a statement of realized gains and losses.

## **Item 14 Client Referrals**

Open Source is a party to written solicitation agreements with third party solicitors whereby solicitors may introduce prospective clients to Open Source. Under these agreements, Open Source agrees to pay the solicitor a portion or percentage of the investment management fee Open Source receives from certain investment management clients who engage Open Source during the term of the agreement. These percentages range from 20 percent to 50 percent of the

fee that we collect from the client. A solicitor may be subject to conflicts of interest arising from these arrangements, because the payments might induce the solicitor to recommend an investment manager to a client which the solicitor might not otherwise recommend if there was no payment. Open Source enters into solicitation agreements, and pays fees under these agreements, in accordance with Rules 206(4)-3 and 206(4)-5 under the Advisers Act. Open Source and the solicitors are not affiliated persons as defined in the Advisers Act.

#### **Item 15 Custody**

We do not custody any of our clients' funds or securities. A client may use an existing qualified custodian, such as a broker-dealer or bank, to hold investments, or we can recommend an appropriate qualified custodian, usually Schwab. Account statements will be sent directly from the qualified custodian that maintains client assets. We also send periodic statements which should be reviewed and compared to the account statement sent by the custodian.

#### **Item 16 Investment Discretion**

Open Source enters into an investment advisory with the client, whereby the client grants Open Source sole investment authority and Open Source assumes the investment duties relating to account assets. Pursuant to the Investment Advisory Agreement terms, Open Source is generally not required to obtain specific client consent for specific securities to be bought or sold. However, the client selects an investment objective and Open Source buys securities for the client's account that align with that investment objective. Open Source may or may not take action as it deems appropriate. Open Source may but does not have to seek further consent or authority from the client, and may exercise its discretion and deal in and with such assets as fully and freely as the client might do as owner.

We ascertain our clients' investment objectives and goals and request investment discretion from them to execute their individual strategy. This is done in the belief that this allows the investing process to be more efficient and productive for both the client and the advisor. Although discouraged, any client has the right to give investment instructions which may limit or conflict with our advice. In certain limited circumstances, specific holdings may be monitored but excluded from both performance and billing. As investment advisor and as part of our client agreement, we maintain the right to place orders in the accounts which we manage.

#### **Item 17 Voting Client Securities**

As a matter of firm policy and practice, Open Source does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies and other solicitations directly from the custodian. Upon request, we will provide available information to answer questions about a particular solicitation.

#### **Item 18 Financial Information**

There have been no events that we deem likely to impair our financial condition or our ability to meet contractual commitments to clients.

Open Source Investments Chief Compliance Officer, Scott Capace, remains available to address any questions regarding this Part 2A of the Form ADV brochure.