

# **Divvy Investments, LLC**

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**May 26, 2015**

This Brochure provides information about the qualifications and business practices of Divvy Investments, LLC. If you have any questions about the contents of this Brochure, please contact us at (919) 600-8746 or via email at [nbradfield@divvyinvestments.com](mailto:nbradfield@divvyinvestments.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.

Divvy Investments, LLC ("Divvy") is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Divvy is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Divvy is 242786. The SEC's web site also provides information about any persons affiliated with Divvy who are registered, or are required to be registered, as Investment Adviser Representatives of Divvy.

## Item 2 – Material Changes

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This is a new adviser.

This Brochure, dated May 2015, is a new document that describes the Adviser's business.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure with the SEC. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete Brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Nicholas Bradfield at (919) 600-8746.

## Item 3 – Table of Contents

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Item 1 – Cover Page .....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business Introduction .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance Based Fee and Side by Side Management .....	5
Item 7 – Types of Client(s) .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading.....	9
Item 12 – Brokerage Practices .....	10
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation .....	11
Item 15 – Custody .....	11
Item 16 – Investment Discretion.....	11
Item 17 – Voting Client Securities .....	12
Item 18 – Financial Information .....	12

## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Divvy is a Registered Investment Adviser (“Adviser”) which offers investment advice regarding securities through our online subscription service. We are registered through and regulated by the United States Securities and Exchange Commission (“SEC”).

Divvy was founded in 2015 by Nicholas Bradfield who serves as Chief Compliance Officer and Founding Member.

### Subscription Services

We provide an online subscription service that allows the client to receive buy and sell signals for our model investment portfolio(s). Our five portfolios are created using primarily indexed funds.

You will input information such as your age, financial circumstances, and investment goals and objectives into the system via an interactive questionnaire. Based on the information you provide, the software will analyze your situation and determine your risk tolerance. Your risk tolerance will then determine which of our model investment portfolios may best meet your needs. It is then up to you to implement the recommendations made by our software. You have the option of implementing the recommended model on your own or disregarding the recommendations made by our software. Through our website, we will:

- Review your present financial situation
- Build a risk profile for you
- Advise on portfolio selection
- Notify you of any need to rebalance your portfolio

You are obligated to enter any new information into the web-based application promptly when your financial situation, goals, objectives, personal circumstances, or needs change.

You shall not have the ability to impose restrictions on the recommendations we make. We will not manage your assets under this service. You must place all trades yourself through your custodian. We will not place trades for you. We cannot guarantee the result of any of our recommendations.

We do not participate in wrap fee programs.

### Assets Under Management

As of May 2015, we do not have any asset under management nor do we have accounts for which we provide asset management services. We are a new adviser in 2015.

## Item 5 – Fees and Compensation

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### Subscription Service Fees

Our online subscription service is available on either a monthly or an annual basis. Our yearly subscription service is available by executing a one year contract in which in you will receive rebalancing notifications and updates to your recommended portfolio. Our fee schedule for these services is as follows:

Service	Fee
Monthly Subscription	\$35 per month
Yearly Subscription	\$360 annually

These fees are non-negotiable and due in advance. Our monthly subscription fee is due at the beginning of the calendar month. The yearly subscription fee is billed in full, in advance upon executing the subscription agreement.

No increase in the annual fee shall be effective without prior written notification to you. We believe our subscription fees are reasonable considering the fees charged by other investment advisers offering similar services/programs.

You may terminate your contract with thirty (30) days written notice. All terminations must be sent through the web-based application. There is no refund policy for either the monthly or yearly subscription fees. Clients may terminate their contracts without penalty within five (5) business days of signing the subscription agreement. All subscription fees are paid through credit or debit card.

### Third Party Fees

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. We do not receive any compensation from these fees. All of these fees are in addition to the subscription fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

## Item 6 – Performance Based Fee and Side by Side Management

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7 – Types of Client(s)

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We provide investment advice regarding securities through our online subscription service to individuals.

We have no minimum account opening balance.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

We use Modern Portfolio Theory as well as fundamental and technical analysis as part of our overall investment management discipline; the implementation of these analyses as part of our investment advisory services to you may include any, all or a combination of the following:

#### Modern Portfolio Theory

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

#### Fundamental Analysis

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

#### Technical Analysis

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## **Investment Strategies**

In order to perform this analysis, we use many resources, such as:

- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings
- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases -securities held at least a year

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance. A list of all risks associated with our methodology is listed below:

### ***Modern Portfolio Theory Risk***

Modern Portfolio Theory tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### ***Fundamental Analysis Risk***

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

### ***Technical Analysis risk***

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### ***Overall Risks***

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Divvy or any of our investment advisors. We adhere to high ethical standards for all advisors and associates.

## **Item 10 – Other Financial Industry Activities and Affiliations**

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Neither Divvy nor any of its management persons are registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither Divvy nor its management persons are affiliated with any broker-dealer.

Divvy and its management persons are not registering as a commodity pool operator, futures commission merchant, or commodity trading advisor.



## **Other Financial Industry Affiliations**

The investment adviser representatives of Divvy do not participate in other business activities or have any outside affiliations at this time.

## **Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

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### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Divvy from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO.

### **Personal Trading**

Our website may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that our website recommends to you as long as we place our orders after the website has made its recommendations to you. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Divvy has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects;

provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of Divvy, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

Divvy's advisors may employ the same strategy for their personal investment accounts as it does for its clients. However, advisors may not place their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

We do not recommend that clients use a specific custodian or broker-dealer. Clients will be required to use the custodian and/or broker-dealer of their choosing to implement recommendations

### **Soft Dollars**

We do not receive any soft dollars from broker-dealers, custodians or third party money managers.

### **Brokerage for Client Referrals**

We do not select custodians and/or broker-dealers for clients, and we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third party.

### **Directed Brokerage**

Clients are required to use the custodian of their choosing. Not all advisory firms require you to direct brokerage. If you elect to select your own broker-dealer or custodian and direct us to use them, you may

pay higher or lower fees than what is available through our relationships. We will not negotiate lower rates below the rates established by the executing broker-dealer or custodian for this type of directed brokerage account.

## **Trading**

We do not trade in client accounts.

## **Item 13 – Review of Accounts**

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### **Reviews**

Divvy provides all clients with continuous access via the web-based application to real-time reporting information about their recommending model portfolio. Reviews will be conducted at least annually or as agreed to by us. Reviews will be conducted by the Chief Compliance Officer. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of an equity or company in which client assets are invested, and market shifts and corrections.

### **Reports**

As stated above, you will be provided with continuous access to your online profile and real time reporting information regarding our model portfolios. Divvy will not create any additional reports other than the information provided through your online account.

## **Item 14 – Client Referrals and Other Compensation**

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We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

## **Item 15 – Custody**

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We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your advisory fees from your credit card.

## **Item 16 – Investment Discretion**

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We do not receive discretionary authority from you to select the type of securities and amount of securities to be bought or sold.

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

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18 – Financial Information**

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.