

Digit Advisors, LLC
Part 2A of Form ADV

**100 Pine Street, 20th Floor San
Francisco, CA
94111**

<https://digit.co>

March 31, 2023

This Brochure (“*Brochure*”) provides information about the qualifications and business practices of Digit Advisors, LLC (“*Digit*”). If you have any questions about the contents of this Brochure, please contact us at 888.322.3103 or email RIAcompliance@digit.co. 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. Registration as an investment adviser does not imply any particular level of skill or training in the investment advisory business.

Additional information about Digit is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure dated March 7, 2023 is submitted as an annual amendment.

Digit will ensure that all current clients receive a summary of material changes to this and subsequent Brochures within 120 days of the close of our business' Fiscal Year. Our Brochure can be found on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Digit Advisors, LLC is 305799.

Currently, our Brochure may be requested by contacting us at RIAcompliance@Digit.co, and the Brochure is provided free of charge on our website at www.Digit.co.

Material changes since our previous Brochure dated January 27, 2022 include the following:

Item 4: Services, Fees and Compensation:

- The firm has added Doe Gregersen as the chief compliance officer.

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Item 4: Services, Fees and Compensation***General Description of Advisory Firm***

Digit Advisors, LLC (“***Digit Advisors***”), a Delaware limited liability company, was formed in August 2019 as an investment firm registered as an investment adviser with the SEC. Digit Advisors is a wholly owned subsidiary of Hello Digit, LLC., a Delaware limited liability corporation. As of December, 2022, Digit Advisors has regulatory assets under management of \$ 33,099,749, Digit Advisors offers to manage client assets on a discretionary basis; it does not offer to manage client assets on a nondiscretionary basis.

General Description of Services and Fees

Digit Advisors offers an automated investment service through a website or mobile application for clients (the “Program”). The Program permits clients to invest in an investment portfolio based on their investment risk tolerance. For retirement related investment products, Digit Advisors uses client age to determine investment time horizon and selects investments based on this time horizon. For investment products, Digit Advisors recommends one of its model portfolios of exchange traded funds (“ETFs”) based on client risk tolerance.

Digit Advisors, acting as the registered investment advisor on behalf of the client, receives authorization from each client to instruct the broker-dealer, DriveWealth LLC (“DriveWealth”), to transfer funds from the client’s linked checking account into the DriveWealth brokerage accounts held in the client’s name.

For the Digit Retirement feature only, clients will open: 1) a DriveWealth cash management account and, 2) either a Roth or Traditional Individual Retirement Account (“IRA”). The client does not incur any additional costs for the DriveWealth cash management account. The client will transfer funds from their linked bank account to their DriveWealth cash management account daily, according to the client’s retirement goal. The client’s funds will transfer from their DriveWealth cash management account to their DriveWealth IRA every 30 days. By keeping client funds in their DriveWealth cash management account for 30 days, the client is afforded this time to withdraw their funds before they are invested into their IRA and thus subject to potential early withdrawal tax penalties.

Cash in clients’ DriveWealth cash management account participate in the DriveWealth FDIC Sweep Program. DriveWealth will retain the interest earned on the cash while held in the DriveWealth cash management account during the 30 day holding period, before it is transferred to clients’ IRA. DriveWealth does not earn any interest on clients’ cash once the cash is transferred to their IRA. This may be a potential a conflict of interest for Digit Advisors that clients should consider.

Hello Digit, LLC, Digit Advisor’s parent company, charges a single monthly subscription fee of \$5 and this fee include access to savings services offered by Hello Digit, LLC. as well as the investment services provided by Digit Advisors described in this section. Hello Digit, LLC. users are not charged any additional fees for becoming Digit Advisor clients and receiving Digit Advisor’s investment services.

Costs that are unrelated to the ongoing management of the client account will be borne by the client. ETFs are subject to investment advisory and other expenses, which will be indirectly paid by the client. These fees and expenses are described in each ETF’s prospectus.

Clients should be aware that by using Digit Advisors services, they are giving discretion to select the appropriate ETFs based on the evaluation of the client's risk tolerance and investment objectives. Digit Advisors does not allow clients to select specific mutual funds and ETFs because each mutual fund, ETF and asset class is considered part of an overall investment strategy.

Item 5: Account Requirements and Types of Clients

Digit Advisors provides advisory services to individuals. Digit Advisors does not impose a minimum investment requirement for clients to open or maintain an account. Clients are not required to have a certain level of investment experience, personal wealth, or sophistication.

To participate in Digit Advisor's investment service, Digit Advisors requires clients to establish brokerage accounts with DriveWealth, a registered broker-dealer, to maintain custody of clients' assets and to effect trade for accounts. Digit Advisors is independently owned and operated and not affiliated with DriveWealth.

Item 6: Portfolio Manager Selection and Evaluation

All Digit Advisors clients receive automated investment advice through our website and mobile application. The Digit Advisors investment advice, including investment portfolio allocation, is reviewed on an ongoing basis for accuracy and appropriateness.

Since portfolio management is performed digitally and internally, Digit Advisors is required to disclose the following information about A) Investment Strategies and Methods of Analysis, B) Risk Factors, and C) Proxy Voting.

Methods of Analysis and Investment Strategies

As outlined in Item 4, for retirement-related investment products, Digit Advisors gathers the client's age and uses it to determine retirement investment time horizon. For other investment related products, Digit Advisors uses client risk tolerance to select an appropriate investment portfolio. Based on this information, Digit Advisors will recommend one of its model portfolios of exchange traded funds ("ETFs"). Digit Advisors seeks mutual funds and ETFs that minimize cost and show a good investment track record.

Risk Factors

As with all investments, Digit Advisors investment recommendations include a possible risk of losing principal and unrealized profits due to market fluctuation. Clients should be prepared to bear that risk before investing in any securities.

Digit Advisors strategies could subject clients to risks such as, but not limited to, the following:

- **Risks Associated with ETF:**

Equity Risk:

Equity securities have a tendency to be more volatile than other investment options. The value of a company's stock generally increases or decreases based on factors directly related to the company and factors generally not directly affecting the company. These factors may include demand for a company's product or service, decisions made by the management, and general industry and market conditions. Small and mid cap companies are subject to additional risks. The earnings and prospects of these companies are generally

more volatile than larger companies. They may experience higher failure rates, more limited markets, less management experience, are limited financial resources than larger companies. The trading volume of securities on small and mid cap companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, which tends to make them fall more in response to selling pressure than is the case with larger companies.

Fixed Income Risk. The issuer of a fixed income security may be unable or unwilling to make interest and principal payments when due. In general, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If this occurs, or is perceived as likely to occur, the value of the fixed income security may fall significantly. Also, if a rating agency gives a fixed income security a lower rating, the value of the security may decline because investors will demand a higher rate of return.

REIT Risk. REITs are subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

Foreign Securities Risk. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have traditionally been more volatile than the markets of developed countries with more mature economies.

Municipal Securities Risk. Municipal securities carry certain different risks than those of corporate government- and bank-sponsored debt securities. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

U.S. Government Securities Risk. Securities of U.S. government sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor guaranteed by the U.S. government. It is possible that the U.S. government would not provide financial support to its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality in which an underlying fund invests defaults and the U.S. government does not stand behind the obligation, the value and yield of the security would be expected to fall.

- **Market Risk:** The prices of securities held by funds in which the clients invest may decline in response to certain events such as domestic or global economic growth, market conditions, political events, currency and interest rates affect securities markets.
- **Diversification Risk:** A client's portfolio may be limited to only a few investments. As a result, the client's performance may be more sensitive to any single economic, political, business, or regulatory event, relative to the value of a more diversified portfolio.
- **Investment Company Risk:** Digit Advisors recommends and typically invests in mutual funds and ETFs. Investments in these funds are subject to all the risks of the underlying securities in which the fund invests. Also, the value of a client's investment in a fund will depend on the skill of the fund's adviser. Client accounts invested in the fund will indirectly bear the fees and expenses payable directly by the fund, including management fees and operational expenses. Fund returns may be volatile, and clients can lose money by investing in funds, ETFs are subject to certain additional risks, including the risk that the market price of the shares of the ETF may trade at prices above or below its net asset value.
- **Proprietary Software:** Digit Advisors provides recommendations to clients based on proprietary software that utilizes various quantitative and qualitative models. Such computer-generated recommendations, like all investment recommendations, may be subject to system error. No guarantee or representation is made that the investment recommendations will be successful. Digit Advisors may simply fail to identify favorable investment opportunities or to evaluate those investments recommendations accurately that it does make to clients. Further, as market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model may become outdated or inaccurate, perhaps without the computer software system recognizing the change before further recommendations are made.
- **Account Rebalancing:** Client accounts may be rebalanced from time to time for reasons including, but limited to, updates to the model portfolios, market performance, cash inflow/outflows, or client updates to investment risk profile or liquidity needs. Account rebalancing may occur at any time and without notice to clients. All rebalancing is automated by Digit Advisors proprietary software and is therefore subject to potential automation errors.
- **Cybersecurity Risk:** The information and technology systems of Digit Advisors and its affiliates, as well as of key service providers, including third-party vendors, central agents, exchanges, clearing houses, and other financial institutions (including DriveWealth), are vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Digit Advisors, and thus indirectly the Digit accounts, could be adversely impacted if any of the aforementioned parties is the subject of a cyber-attack or other information security event. Although the Adviser has (directly or through its affiliates) implemented various measures designed to seek to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser or a service provider to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Digit Advisors ability to transact business on behalf of Digit Accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information. While many investment advisers are subject to the same or similar risks in

respect of their operations, these risks are particularly acute with respect to Digit Advisor due to Digit's fundamental dependence on technology.

- **Projected Return Risk:** Projected returns are hypothetical, do not reflect actual investment results, and are not guarantees of future results. Such projected performance is subject to a number of limitations and assumptions designed to determine the probability or likelihood of a particular investment outcome based on a range of possible outcomes. It is possible that any of those assumptions, including retirement age, may prove not to be accurate. In addition, the performance of any Investment, a Client's Digit Advisor Account, or other accounts or investment portfolios may differ materially from investment gains and avoidance of investment losses projected, described, or otherwise referenced in forward-looking statements, and the projected returns associated with any Investment may not materialize.

Proxy Voting

Digit does not vote proxies for clients. Therefore, clients maintain exclusive responsibility for (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the qualified custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Item 7: Client Information Provided to Portfolio Managers

Digit Advisors, as the sponsor and portfolio manager of the Program, will not provide client information to other portfolio managers.

For a copy of Digit Advisors Privacy Policy please contact us at RIACompliance@digit.co or visit our website at www.digit.co.

Item 8: Client Contact with Portfolio Managers

Digit Advisors is an "Internet-Only Adviser", meaning that it is permitted solely to offer investment to clients by means of an interactive website. As such, Digit Advisors may only communicate with clients directly about issues related to troubleshooting user experience on the website or other clerical/administrative tasks. Clients will not receive any investment advice directly from staff on behalf of Digit Advisors, which may be difficult for some clients. All Digit Advisors clients are expected to have a certain degree of digital literacy necessary to navigate the platform and review the services offered therethrough. Digit Advisors services may not be suitable for clients who are not comfortable using the Internet or making decisions based on information that they have not been able to review with a person. Digit Advisors strongly urges all prospective Clients to consider these factors before signing up for service.

Item 9: Additional Information

Disciplinary Information

Digit and their employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

Digit Advisors, LLC's parent company, Hello Digit, LLC., is a provider of a mobile application and related website that provides saving and budgeting services.

Digit Advisors and its employees are not registered (and do not have any application pending to register) as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. Digit Advisors does not recommend or select for its clients, or have other business relationships with, other investment advisers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Trading

Digit has adopted a written Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics (the "Code") includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Digit Advisors requires all supervised persons to acknowledge the terms of the Code of Ethics annually, or as amended. Digit Advisors anticipates that in certain circumstances, it may recommend the purchase or sale of securities, consistent with the client's investment objectives, in a security in which Digit Advisors, its affiliates and/or clients, directly or indirectly, have a position of interest. Digit Advisors employees and associated persons are required to follow its Code of Ethics.

Digit Advisors employees may have their own Digit Advisor investment and/or retirement accounts, or they may independently invest in the same ETFs that are used in the client portfolios. Subject to satisfying this policy and applicable laws, officers, directors and access persons of Digit Advisors and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of access persons of Digit Advisors will not interfere with:

- Making decisions in the best interest of advisory clients
- Implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Personal trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Digit Advisors and its Clients.

Digit Advisors clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at RIACompliance@Digit.co.

Item 13: Review of Accounts

Digit Advisors provides clients with continuous access to their accounts through the mobile application website. Digit Advisors provides periodic account reports to clients, which include information related to portfolio holdings and performance.

When an initial client investment portfolio is created, the Digit Advisors system will automatically review each account on a regular basis for consistency with each client's time horizon, risk profile, and investment objectives (as applicable, based on the product selected).

Item 14: Client Referrals and Other Compensation

Digit Advisors does not offer clients any referral bonus. Digit Advisors does not compensate employees of Digit Advisors or its affiliates for client referrals.

Item 15: Financial Information

Digit Advisors is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. Digit Advisors has not been the subject of a bankruptcy petition.