

# Form ADV Part 2A Brochure

## OneDigital Investment Advisors, LLC (Wealth Management Division)

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March 29, 2023

This Brochure provides information about the qualifications and business practices of OneDigital Investment Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at 877-742-2021. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority.

OneDigital is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

When a registered investment adviser provides investment advisory services, it is a fiduciary under the Investment Advisers Act of 1940 and has a duty to act in its clients' best interest and to make full and fair disclosure to its clients of all material facts and conflicts of interest. The purpose of this Part 2A Brochure and individual Part 2B Brochure Supplements is to disclose those material facts and conflicts of interest.

Additional information about OneDigital is also available via the SEC's website: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 – Material Changes

This Brochure, dated March 29, 2023, represents the annual update to the firm’s brochure.

OneDigital changed its legal name from “Resources Investment Advisors, LLC” to “OneDigital Investment Advisors LLC” in January of 2023 to align its branding with its parent company.

In February of 2023, OneDigital established a new investment adviser, OneDigital Asset Management LLC (“OD Asset Management”). At the present time, OD Asset Management’s sole purpose will be to serve as the manager (in coordination with third party asset managers) of certain investment models OneDigital will use in connection with its wealth management clients. This will enable OD Asset Management to report the performance of those models in a GIPS compliant format.

In the future, OD Asset Management may assume responsibility for OneDigital’s “Personalized Portfolios” program, which offers investment management services to retirement plan participants. The purpose of transferring that program to OD Asset Management will be to create a separate expense item for OneDigital’s retirement plan sponsor clients to list on their Form 5500 filings. OneDigital believes this will help those clients from becoming the target of plaintiffs’ attorneys who use those Form 5500 filings to identify potential class action opportunities by benchmarking the fees being paid by plans for certain services, including investment advice. Specifically, OneDigital fears some attorneys may interpret those filings as indicating it is charging significantly more than the industry average solely to provide investment advisory/management services to the plan without realizing a portion of the stated fee arises from managing the individual participants’ accounts. Therefore, by moving the participant services to OD Asset Management, the plan sponsor would be able to separate those expenses on their Form 5500 filings.

OneDigital’s reported assets under management (“AUM”) declined since its last filing, but this year’s figure is misleading. Several firms that had previously been affiliated with OneDigital left the firm in 2022, which caused the decline in its reported AUM. However, OneDigital acquired several large firms in 2022 that had not transferred their accounts from their own investment advisory firms to OneDigital’s prior to the end of this year’s reporting period. Once those firm’s client accounts are integrated into OneDigital, its AUM will exceed the amount reported in its Brochure dated March 29, 2022. In addition, OneDigital is closing on the purchase of a bank’s retirement plan business after the filing of this document, which will add a significant number of additional accounts and assets to those reported in this Brochure.

Pursuant to SEC Rules, OneDigital will deliver a summary of any materials changes to this and subsequent Brochures to you within 120 days of the close of our fiscal year, as well as providing notices of material changes as necessary. All such information will be provided to you free of charge.

OneDigital's Brochure may be requested by contacting 877-742-2021. Additional information about OneDigital is also available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with OneDigital who are registered as investment adviser representatives of the firm.

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#### **Item 4 – Advisory Business**

OneDigital is registered as an investment adviser with the United States Securities and Exchange Commission (CRD # 106766). OneDigital was organized as a corporation under the laws of the State of Missouri in 1987 and was converted to a limited liability company in 2018. Pursuant to a Unit Purchase Agreement dated January 21, 2020, OneDigital is now a wholly owned subsidiary of Digital Insurance, LLC. The firm changed its legal name in 2023 from “Resources Investment Advisors, LLC” to “OneDigital Investment Advisors LLC” to reflect its integration with its parent company.

OneDigital provides investment advisory, investment management, and financial planning services to individual and institutional clients. (OneDigital also provides investment advisory and management services to retirement plan clients, and those services are outlined in a separate brochure specifically tailored to the Retirement Plan Division.)

Although some clients use OneDigital solely for investment advice, most clients rely upon the firm to actively manage their accounts for them. When OneDigital manages clients’ accounts on a discretionary basis, it has the authority to make trades within those accounts without clients’ prior consent. However, the firm’s investment management services are tailored to the individual needs of each client. That process usually begins by conducting an initial meeting with clients to determine their personal goals regarding each account and conducting a risk assessment profile to determine how much investment risk the clients are willing to incur. Based upon those considerations, clients will generally be categorized into an appropriate investment strategy.

Clients can impose specific restrictions on investing in certain securities or types of securities in their investment management agreement and are reminded to notify the firm of any new restrictions on a quarterly basis. In addition, OneDigital’s investment adviser representatives typically attempt to hold investment review sessions with clients to discuss any adjustments clients desire to make to the investments in their accounts.

In 2018, OneDigital partnered with Charles Schwab & Co, Inc. (“Schwab”) to offer a “robo” advisory platform. The purpose of this platform was to provide clients – especially those with smaller account balances – a cost efficient method of obtaining professional management of their investments. The platform provides for online enrollment but does not include annual face-to-face meetings with one of OneDigital’s investment adviser representatives. Instead, OneDigital creates and manages the allocation models offered to participants in the robo advisory platform. In addition, OneDigital asks enrollees in the platform if they want to impose specific restrictions on investing in certain securities or types of securities and are

reminded to notify the firm of any new restrictions on a quarterly basis. However, because the robo advisory platform is managed entirely through investment allocation models, participants who request such restrictions are required to transfer their account to OneDigital's traditional investment management platform, which will allow for that type of customization but will usually result in higher advisory fees.

Some of OneDigital's investment adviser representatives utilize turnkey asset management programs ("TAMPs") to allocate either all or certain segments of their clients' investments. In most cases in which a TAMP is used, OneDigital has discretion to determine which TAMP and/or which strategy will be used to manage the client's investment, including discretion to change those selections at any time. As a result, these client accounts are included in OneDigital's calculation of its regulatory assets under management ("RAUM").

As of December 31, 2021, OneDigital managed approximately \$89,148,595,824 in assets, of which approximately \$27,115,061,122 was managed on a discretionary basis and approximately \$62,033,534,702 was managed on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

OneDigital typically bases its annual advisory fee on a percentage of the total value of the assets in all of the accounts managed by OneDigital in a client's household. However, when OneDigital provides clients with additional services, such as specialized financial planning, it will often charge an additional fee (usually flat a dollar amount) based upon the services to be provided and their complexity. Alternatively, OneDigital's investment adviser representatives can also charge a single, combined fee for asset management and these additional services.

OneDigital does not utilize a uniform fee schedule. Much of OneDigital's growth in recent years has resulted from independent firms from around the country either partnering with OneDigital to receive compliance, investment management, and practice management assistance or being acquired. When those firms moved their client accounts to OneDigital, they had already established agreements with those clients regarding the appropriate price of their investment services, which is the primary reason OneDigital does not dictate a set fee schedule for all clients.

Therefore, the firm's investment adviser representatives have the flexibility to establish a fee schedule for each client based upon the total assets contained in the client's accounts, the types of investments held in the accounts, and the amount of time the representative believes

he or she will need to spend in managing the accounts, so long as it does not exceed 2.00% of the assets under management. In addition, clients generally have the ability to negotiate the fee schedule that will be applied to their accounts. However, because OneDigital's robo advisory accounts are managed pursuant to investment allocation models created and maintained by OneDigital's Investment Team, the robo platform has a standard annual fee of 1.00% of the assets contained in the client's account.

For almost all client accounts, OneDigital calculates the applicable fee and forwards it to the custodian. Because the advisory fee is based upon the assets in a client's account each pay period (an amount that will likely change from pay period to pay period), clients should understand the fee percentage referenced in their investment management agreement is not intended to represent an annualized fee applicable to the average total of assets within the accounts during a calendar year. Instead, the stated fee, divided by the number of pay periods in a year, represents the percentage that will be deducted from the client's account each pay period. OneDigital can combine multiple accounts from within a household for purposes of determining the applicable breakpoints if a tiered fee schedule is used. In addition, the fee stated in the client's agreement can include a cost of living adjustment.

For accounts held at Schwab and Fidelity, OneDigital will typically collect its advisory fee in advance of the quarter in which the investment advice is given. For new accounts held with those custodians, OneDigital will usually pro-rate the first quarterly fee based upon the date the client's assets are transferred to the custodian. However, in certain circumstances, OneDigital will pro-rate the first quarterly fee based upon the value of the client's assets at the time OneDigital's management agreement became effective – even though those assets have yet to be transferred to OneDigital's master number. If the advisory fee had been collected in advance and the agreement is terminated in the middle of a calendar quarter, any unearned fees paid in advance will be refunded to the client on a pro-rata basis. For accounts custodied at TD Ameritrade, the advisory fee is usually collected in arrears each month. All of these provisions will be specified in the client's investment management agreement with OneDigital.

As noted in OneDigital's investment management agreements, OneDigital's advisory fee does not include any applicable taxes; confirmation fees for trades; custodial fees; brokerage commissions; transaction fees; charges imposed directly by a mutual fund, index fund, or exchange traded fund (as disclosed on the fund's prospectus); fees imposed by variable annuity providers (as disclosed in the annuity contract); certain deferred sales charges; odd-lot differentials; transfer taxes; wire transfer and electronic fund fees, as well as other fees imposed upon brokerage accounts and securities transactions.

Clients' accounts can be managed by OneDigital's Investment Team, OneDigital's investment adviser representative, or a TAMP. If the account is managed by an investment adviser

representative, OneDigital will require the account to be enrolled in account management service (Orion) so it can monitor the account and calculate the advisory fee. OneDigital will also require the adviser representative to cover the cost of that service. However, the adviser representative can choose to pass along all, or a portion, of that fee to the client. In that event, this additional fee will be designated on the client's investment management agreement. If the account is managed by OneDigital's Investment Team, it will reduce the percentage of the advisory fee paid to the investment adviser representative and use those additional funds to cover the cost of the account management service – with the exception of accounts on OneDigital's "robo" advisory platform, which are charged an annual administrative fee to cover the costs of the account management service.

As noted above, OneDigital has established OneDigital Asset Management as a separate registered investment adviser to manage some of its investment models. In those situations, OneDigital Asset Management will act, in coordination with an outside money manager, as a TAMP for OneDigital. Clients utilizing OneDigital Asset Management's models will not be required to enter into a separate agreement with it or any of the outside money managers it uses in managing the models. Similarly, clients will not be required to pay an additional management fee to OneDigital Asset Management or its outside money managers, as those costs will be included in OneDigital's fee.

If the investment adviser representative utilizes another TAMP to manage all or any part of the client's account, the client may be required to enter into a separate agreement with the TAMP. If the TAMP agreement governs the terms under which the advisory fee will be collected, OneDigital's investment management agreement will only specify the fee it will collect from the TAMP. Specifically, if the TAMP collects a unified fee, it will forward the fee specified on the client's investment management agreement to OneDigital. Alternatively, OneDigital can collect the advisory fee and forward a portion to the TAMP, or the parties can charge separate management fees.

OneDigital and its representatives act as solicitors for certain TAMPs. In those instances, the TAMP forwards a portion of the advisory fee it collects to the firm and/or its adviser representative as a solicitor's fee. This creates an incentive for OneDigital's investment adviser representatives to recommend clients retain certain TAMPs based on the receipt of the solicitor's fee, which is a conflict of interest. However, if OneDigital or its representative is acting as a solicitor for another investment adviser, OneDigital will not charge an advisory fee and the client will be provided with a solicitor's disclosure statement detailing the arrangement. Conversely, OneDigital utilizes third parties as solicitors and pays them a portion of the advisory fee OneDigital collects as compensation for the referral.



In 2021, OneDigital acquired the rights to Palm Tree Partners, which is a private fund. In addition to the fee it collects as the fund's investment manager, OneDigital is also entitled to a performance fee of twenty percent (20%) of annual investment gains in the fund. This is the only time OneDigital collects a performance fee for its services, and clients investing in Palm Tree Partners should understand they can receive investment management services from OneDigital that do not require the payment of a performance fee. Because its entitlement to the performance fee creates a conflict of interest by providing a financial incentive for OneDigital to recommend this private fund, it does not intend to market participation in Palm Tree Partners to its other, existing accredited clients at this time.

Some of OneDigital's investment adviser representatives are also registered as representatives of securities broker-dealers. As a result, these representatives can offer investment products and insurance company annuities for which they would be entitled to a sales commission, which creates a conflict of interest. However, OneDigital's investment adviser representatives do not collect any of the sales commissions (12b-1 fees or sub-TA fees) on mutual funds or other investments when utilized in its clients' investment advisory accounts. While OneDigital does not receive sales commissions from the products it uses in client accounts, it may utilize products that include sales commissions when the investment adviser representative deems the share class to be the most appropriate one for the client's situation. In most cases though, OneDigital's investment adviser representatives utilize "no load" mutual funds or exchange traded funds, which do not offer sales commissions, when available to advisory clients.

If an investment adviser representative recommends the purchase of an investment product or annuity in an account that is not governed by an investment management agreement, the client should understand: 1) those services are not offered through OneDigital and it is not responsible for these recommendations; 2) those products can be purchased through a broker or agent that is not affiliated with OneDigital; and 3) OneDigital's clients are under no obligation to accept and act upon its investment adviser representatives' recommendations regarding such products.

OneDigital also provides financial planning services. Although related, these services are separate from the firm's investment management services. Depending upon the level of services provided, these services will either be included in the advisory fee or subject to a separate fee, which is usually based upon an hourly rate or flat fee. Either way, those fees will be listed in the client's agreement(s) with OneDigital, which will be responsible for any financial planning services offered by its investment adviser representatives.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

As noted above, OneDigital collects a performance-based fee of twenty percent (20%) of the capital appreciation in client accounts invested in Palm Tree Partners, which is a private fund comprised solely of accredited investors. Clients invested in Palm Tree Partners should understand OneDigital does not collect this type of performance-based fee in any of its other client accounts, including accounts those clients hold outside of that private fund. Because this performance-based fee could result in additional compensation to it, OneDigital has a financial interest in recommending Palm Tree Partners to its clients. However, OneDigital does not currently intend to recommend that any of its existing clients invest in Palm Tree Partners and those that currently do should recognize they have the right to pull their funds out of Palm Tree Partners and invest them through OneDigital's standard investment services, which do not include a performance fee, or through another investment adviser.

## **Item 7 – Types of Clients**

OneDigital offers portfolio management and advisory services to individuals, trusts, estates, endowments, foundations, charitable organizations, retirement plans, and business entities.

OneDigital has established a “robo” advisory platform in partnership with Schwab to provide online account opening services and standardized investment allocation models. This platform offers fewer benefits to clients than OneDigital's traditional platform. Specifically, clients are not permitted to impose restrictions on OneDigital's management of their investments and the services do not include face-to-face meetings with one of OneDigital's investment adviser representatives. For this reason, the robo platform is generally intended for accounts under \$250,000, but accounts must initially contain at least \$5,000 to be eligible. However, there is no requirement that investment adviser representatives utilize the robo platform for any particular client. In fact, those clients that want to impose restrictions on OneDigital's ability to manage the investments in their account – no matter how small their accounts may be - are illegible to participate in the robo platform.

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

OneDigital's investment advisers typically utilize questionnaires to determine clients' level of risk tolerance. For clients utilizing OneDigital's traditional platform, the results of the risk questionnaire can be supplemented with discussions with the client to determine the appropriate investment allocation strategy. By contrast, clients utilizing OneDigital's “robo” advisory platform will automatically be placed in the investment allocation model that corresponds to the results of their online risk questionnaire.

OneDigital's investment adviser representatives will attempt to meet (or communicate via phone or video) with clients on OneDigital's traditional platform at least annually to determine whether there have been any significant changes in their financial condition. If at any time the investment adviser representative believes there has also been a significant change in the client's risk tolerance, the client can be asked to complete a new risk questionnaire. By contrast, OneDigital's investment adviser representatives will generally not meet or communicate with clients on OneDigital's "robo" advisory platform after their account is established. Instead, OneDigital will email clients annually to ask if there have been any significant changes in their financial condition or risk tolerance.

The investment strategy utilized by OneDigital's Investment Team and most of its investment adviser representatives is consistent with the tenets of Modern Portfolio Theory and is intended to reduce risk and volatility by building globally diversified portfolios. To implement this strategy, OneDigital traditionally recommended the use of no-load mutual funds, exchange traded funds (ETF's), government securities, individual stocks and bonds, and other types of securities. While OneDigital continues to support its legacy investment models, it is encouraging its investment adviser representatives to utilize the investment models managed through OneDigital Asset Management in coordination with third party money managers.

Unlike OneDigital's legacy investment models, those managed through OneDigital Asset Management offer the ability to pick and choose from multiple strategies within the same risk tolerance level (i.e., Conservative, Moderately Conservative. etc.). A few of these strategies include:

#### Core

The Core models are all-in-one core portfolios, available for all target risk profiles from Conservative to Aggressive Growth. These models seek to achieve optimal risk-adjusted returns over the long-term with quarterly rebalancing, and are constructed in a scalable, cost-efficient way using low-cost ETFs in an open architecture framework. The Core models may be rebalanced more frequently under certain economic and market conditions to control deviation from the target risk benchmarks (tracking error).

#### Tax-Aware Core

The Tax-Aware Core models are all-in-one, core portfolios available for all risk profiles from Conservative to Aggressive Growth with a preference for tax-exempt fixed income. These models seek optimal risk-adjusted after-tax returns over the long-term with annual rebalancing and are constructed in a scalable, cost-efficient way using low-cost ETFs in an open architecture framework.

### Taxable Enhanced Core

The strategy seeks to improve upon the low yields and high interest rate risk of passive bond strategies while preserving equity diversification. It invests in a broadly diversified portfolio of PIMCO Fixed Income Exchange Traded Funds (ETFs), which include short-term treasuries, short-term corporate bonds, mortgage-backed securities, investment grade corporate bonds, and high-yield corporate bonds.

### Target Income Core

The Target Income models are a suite of fixed income options with allocations that seek different levels of income generation and exposure to risk. This investment strategy seeks primarily current income, and to a lesser extent, long-term capital appreciation, with a goal of generating slightly more income than the Barclay's U.S. Aggregate Bond Index with similar risk.

### Sustainable

The Sustainable models are all-in-one, core portfolios, available for all risk profiles from Conservative to Aggressive Growth with a preference for Environmental, Social and Corporate Governance (ESG) investment vehicles. These models seek to achieve optimal risk-adjusted returns over the long-term with quarterly rebalancing and are constructed in a scalable, cost-efficient way using low-cost ETFs in an open architecture framework.

Additional investment options, including alternative investments, are available, and more continue to be added as OneDigital Asset Management develops products with new and existing third-party money managers. Some of OneDigital's investment adviser representatives utilize other TAMPs to manage all or certain market segments to build a diversified portfolio.

Many of OneDigital's client accounts also include directly held stocks. For example, OneDigital will typically leave highly appreciated legacy holdings in a client's account to avoid triggering capital gains taxes. In addition, some of OneDigital Asset Management's models include individual stock positions and some of OneDigital's investment adviser representatives buy and sell individual stocks in their clients' portfolios. In order to avoid trading errors, though, advisers are encouraged to place clients' legacy stock holdings and those the adviser wants to manage apart from OneDigital Asset Management's models in separate "sleeved" accounts.

For clients utilizing OneDigital's "robo" advisory platform, OneDigital's Portfolio Management Team will develop and maintain a series of investment allocation models that are similar (but not necessarily the same) as those used for clients on OneDigital's legacy platforms.

Several of OneDigital's investment adviser representatives utilize alternative investment strategies. This includes a deep value commodities strategy, which seeks to generate higher returns by investing in certain commodities (gold, silver, coal, etc.) that have low price to equity ratios ("PE ratios"). Clients whose accounts utilize these strategies need to understand their allocations are not consistent with the tenets of Modern Portfolio Theory in that their investments are not diversified over a broad spectrum of industries and it is very difficult to accurately predict the direction of market prices – especially in the short term. As a result, while these strategies could result in greater investment gains or offset market downturns, there is no guarantee they will work as planned and these strategies are inherently riskier than a strategy that is consistent with the tenets of Modern Portfolio Theory.

As noted, OneDigital acquired the rights to Palm Tree Partners, a private fund that has been in operation for several years. Palm Tree Partners' assets had previously been managed by HM Capital Management in coordination with outside TAMPs. OneDigital continues to use TAMPs to manage a portion of Palm Tree Partners' assets and manages the remainder through its Investment Team.

### **Item 9 – Disciplinary Information**

OneDigital and its "management persons" are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management, such as criminal convictions or violations of securities laws. (A "management person" is generally defined as any of the firm's principal executive officers and members of the firm's investment committee.) Neither OneDigital nor any of its executive officers and investment committee members are currently subject to, or have ever been subject to, any material events resulting from legal or disciplinary action. The investment adviser representatives working on a client's account are also required to disclose any such events in their biographies, which are provided to clients in a separate document (ADV Part 2B).

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

The majority of OneDigital's investment adviser representatives provide services to their clients as employees of OneDigital, but some are employed by, or acting as independent contractors for, independent financial services firms that operate under their own brand name. Because those independent financial services firms are not licensed investment advisers, their employees and independent contractors register through OneDigital to provide their investment advisory services. Therefore, even though those investment adviser representatives are not employees of OneDigital, it is statutorily responsible for supervising

their investment advisory activities and is directly liable for any investment advice they provide.

Some of OneDigital's investment adviser representatives and its Chief Compliance Officer are also registered representatives of a broker-dealer and, in that capacity, could recommend securities transactions to individuals or entities who are also clients of OneDigital. In that event, the broker-dealer will pay these individuals a portion of the brokerage commissions received for products they sell. However, because this creates a conflict of interest, neither OneDigital nor its investment adviser representatives are permitted to receive any brokerage commissions generated from investments contained in clients' investment advisory accounts.

OneDigital is also licensed as an insurance agency and some of its investment adviser representatives are licensed insurance agents. In that capacity, those investment adviser representatives could recommend insurance transactions, such as fixed, variable, or group annuities, for individuals or entities who are also clients of OneDigital. The recommendation by OneDigital's investment adviser representatives regarding the purchase of securities and/or insurance commission products presents a conflict of interest, as the receipt of commissions will provide an incentive to recommend investment products based on commissions received. No client is under any obligation to purchase any commission products from OneDigital's investment adviser representatives. Clients are reminded that they can purchase insurance products recommended by one of OneDigital's investment adviser representatives through other, non-affiliated broker dealers or insurance agents.

Some of the recent firms OneDigital has acquired provide additional services to their clients. These include family office services, tax services, and business consulting services. OneDigital is currently in the process of incorporating these services into its existing operational platforms. Once that is complete, OneDigital will likely begin offering those services to its broader client base. When that occurs, clients are reminded they are not required to utilize these services and can obtain them from other providers.

OneDigital has relationships with entities that have agreed to provide referrals of potential clients for compensation, which creates a conflict of interest. This includes employees of OneDigital's parent company, Digital Insurance, LLC, who may already provide employee benefits, insurance, and/or human resources counseling services to the companies (or their executives) referred to OneDigital. Before OneDigital will pay a referral fee to any such entity or individual, it will enter into a solicitor's agreement with the solicitor and require the solicitor to provide each prospective client with a solicitor's disclosure form, which details the arrangement, including the fee the solicitor will receive.

In addition, OneDigital has entered into agreements with unaffiliated third parties to either receive or provide services as a sub-contractor or sub-adviser. In the event OneDigital uses a sub-contractor or sub-adviser to provide services to its clients, it will be responsible for supervising those services and compensating the sub-contractor or sub-adviser for the services it provides on OneDigital's behalf.

OneDigital's parent company has entered into a contract with Synergi Partners to offer its clients assistance in obtaining Employee Retention Credits under the federal CARES Act. OneDigital's parent and its employees receive a portion of the fees paid by clients referred to Synergi Partners for those services. As a result, even though these services do not involve the provision of investment advice, OneDigital and its employees have a financial incentive to recommend those services to their clients, and those clients are reminded they have the right to decline those services or obtain them from other companies.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

In compliance with Rule 204A-1 of the Investment Advisors Act, OneDigital has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics describes the firm's fiduciary duties and responsibilities to clients by requiring compliance with applicable securities laws, including those that protect the confidentiality of client information, require the reporting of personal securities transactions, and prohibit trading on insider information. Each of OneDigital's "access persons" is required to acknowledge receipt of the firm's Code of Ethics within ten (10) business days of joining the firm. In addition, each access person is required to annually acknowledge that their continued employment is contingent upon their compliance with its terms. OneDigital will provide a complete copy of its Code of Ethics to any client upon request.

### **Trading Conflicts of Interest**

OneDigital's access persons are permitted to buy or sell securities for their personal accounts that are identical to transactions recommended to clients. However, in order to address potential conflicts of interest, OneDigital prohibits its access persons from trading a security in their personal accounts, if they reasonably believe the security will be purchased or sold in a client's account, until the completion of all anticipated trading in that security for client accounts has occurred for that day, unless the access person's transaction is included as part of a block trade with the firm's client accounts. This prohibition only extends to transactions initiated by the access person, though, and does not apply to accounts managed by OneDigital's Investment Team (in which case transactions in the access person's account are conducted on the same basis as other accounts) or accounts managed by a turnkey asset

management program.

For this reason, OneDigital requires its access persons to disclose their holdings of “reportable securities” annually and transactions in such securities each quarter. (“Reportable securities” do not include shares of mutual funds or government-issued securities.) Those reports are then reviewed by OneDigital’s Compliance Department to ensure its access persons are not engaging in “front-running” or other prohibited acts which put their interests ahead of those of its clients. OneDigital also requires its access persons to obtain prior approval from its Chief Compliance Officer before investing in any limited investment opportunities (i.e., initial public offerings or shares in a thinly traded security) so they do not appropriate a trading opportunity that should rightfully belong to OneDigital’s clients. Finally, before an access person can invest in a publicly held company that is a retirement plan client of OneDigital, the access person must confirm that any trading decision is not based upon nonpublic, insider information.

## **Item 12 – Brokerage Practices**

OneDigital does not maintain physical custody of any client accounts or any assets within them. Instead, clients are required to deposit assets at a broker-dealer, investment company, or another financial institution that meets the definition of a “qualified custodian” under Rule 206(4)-2(c)(3) of the Investment Advisors Act. As a result, clients are required to complete all documentation required by the applicable custodian for each account, including the appropriate new account documentation, if necessary. While OneDigital does not open custodial accounts for its clients, it assists them in doing so.

In the event a broker-dealer is selected as the custodian of the client’s account, OneDigital will process all trades in the account through that custodian. While clients generally designate the custodian of their accounts on the investment advisory or management agreement, OneDigital seeks to limit the custodians which hold its individual client’s assets due to the complexity associated with managing accounts on multiple custodial platforms. At this time, Schwab, TD Ameritrade, and Fidelity (“Custodial Partners”) serve as custodians of its individual clients’ investment management accounts – unless the accounts are managed by TAMP, in which case it usually requires the funds to be held with a particular custodian. OneDigital recommends the Custodial Partners to its clients based upon the quality and types of services they offer, the ability to link client accounts held at their firms to OneDigital’s client management system (Orion), their overall capability, execution quality, competitiveness of transaction costs, the investment research they make available to OneDigital and its clients, and their reputation and financial stability, among other things.



By contrast, foundation and endowment accounts often have an established relationship with a custodian that is not one of the Custodial Partners. In that event, OneDigital is often unable to link those accounts directly into Orion. While this creates difficulties for OneDigital in monitoring those accounts, it is reluctant to require these clients to move their accounts to a Custodial Partner due to the hardship it would create for the foundation or endowment. In those cases, OneDigital establishes alternate means of monitoring these accounts.

Because some employees of OneDigital are registered as representatives of Triad Advisors, LLC (“Triad”), a securities broker-dealer, it has a duty to oversee certain aspects of OneDigital’s investment advisory activities. Because it also benefits from this oversight, OneDigital pays Triad an oversight fee for certain types of investment advisory accounts in exchange for those services. However, Triad will waive the oversight fee for any of OneDigital’s investment advisory services custodied at National Financial Services (“NFS”), with whom it has an arrangement. This would create a conflict of interest by providing a financial incentive for OneDigital to custody client accounts at NFS. However, OneDigital has generally not utilized NFS as custodian for its client accounts. Instead, almost all of OneDigital’s client accounts are custodied with one of the Custodial Partners.

Clients should understand the Custodial Partners provide products and services to OneDigital, including the following:

Services that Benefit Clients. The Custodial Partners’ brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products offered through the Custodial Partners could include some to which clients might not otherwise have access or that would require a significantly higher minimum initial investment. In addition, when independent firms affiliate with OneDigital and recommend their clients transfer their accounts to a Custodial Partner, that Custodial Partner will often offer transition assistance to OneDigital which is typically used, in part, to cover the account termination fees charged by the clients’ incumbent custodian. In addition, the Custodial Partners provide free trading during the transition period so clients do not incur trading costs in establishing their accounts. The Custodial Partners also occasionally provide free trading days to enable OneDigital to adjust its investment allocation models, which saves clients’ money.

Services that Do Not Directly Benefit Clients. The Custodial Partners also make available other products and services that benefit OneDigital but do not generally benefit clients’ accounts directly. These products and services that assist OneDigital in managing and administering its client accounts, such as investment research, which OneDigital can use to service all or some substantial number of its client accounts, including accounts not maintained at the Custodial Partner who is providing the research. In addition to investment research, the Custodial Partners also make available software and other

technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only OneDigital. The Custodial Partners also offer other services intended to help OneDigital manage and further develop its business enterprise. These services include:

- travel expenses for OneDigital's investment adviser representatives and/or staff to attend educational conferences and events or to serve as members of the Custodial Partner's advisory committee;
- sponsorship of OneDigital's conferences and client marketing events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodial Partners can provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to OneDigital. These Custodial Partners also provide OneDigital's staff and investment adviser representatives with other benefits such as occasional meals or business entertainment.

OneDigital's receipt of these benefits creates a conflict of interest because they relieve the firm from paying for these items or producing them itself. As result, the receipt of these benefits makes it more likely OneDigital will recommend these companies as the custodian for its clients' accounts. However, OneDigital believes its recommendation of these companies to serve as the custodians and brokers on its clients' accounts is in the best interests of its clients, based upon the scope, quality, and price of their services that benefit them, as opposed to the services that only benefit it.

### **Item 13 – Review of Accounts**

OneDigital's Investment Team and its investment adviser representatives monitor market conditions on a daily basis. In addition, OneDigital's Investment Committee meets

periodically to discuss potential changes to its investment strategies based upon changes to world, economic, and market conditions.

As part of the initial negotiation of a client's management agreement, the investment adviser representative and the client will discuss how frequently the parties will meet to conduct a formal investment review. Those meetings generally take place on an annual, semi-annual or quarterly basis, depending upon the size of the account and the client's time commitment to participate in such reviews. Additional client reviews can be triggered by a specific client request or by a change in market or economic conditions. However, as noted above, OneDigital's investment adviser representatives generally do not meet with clients participating in OneDigital's "robo" advisory platform. While the investment adviser representatives will periodically review the performance of their clients' investments, clients are advised that it remains their responsibility to notify their adviser of any changes in their investment factors, including their investment objectives, financial situation, or family and work situations.

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

As noted in Item 12, above, OneDigital receives economic benefits from its Custodial Partners in the form of the support, products, and services. However, these offers of products and services are not based on the willingness of OneDigital or its investment adviser representatives to provide any particular investment advice to their clients, such as recommendations to purchase any particular securities products.

OneDigital and its investment adviser representatives receive direct or indirect compensation from other third parties, such as companies that offer investment products or TAMP services. This compensation includes payments for OneDigital's investment adviser representatives and/or other associated persons to attend educational and marketing seminars, gifts valued at less than \$100 annually, an occasional meal, or ticket to a sporting event. Some vendors also refer potential financial services firms to OneDigital as potential acquisition targets.

OneDigital maintains a Strategic Partners Program, pursuant to which certain investment product and service providers provide funds that are used to sponsor educational seminars and/or client marketing events conducted by OneDigital. While this creates a conflict of interest, the program does not require OneDigital to favor the Strategic Partners over firms that do not participate in the program when recommending or selecting any products or services. In addition, OneDigital maintains records of all such payments, and those records are available for inspection at a client's request.

As referenced above, OneDigital sometimes pays individuals or entities to refer clients to it.

This includes referrals from employees of OneDigital's parent company, Digital Insurance, LLC and its other subsidiaries. However, these solicitor agreements are structured to comply with the Investment Advisers Act, which requires the existence of a formal contract between OneDigital and the solicitor. Pursuant to that contract, the solicitor is required to provide each potential client with a disclosure statement that describes the specific relationship between OneDigital and the solicitor – including the compensation that will be paid to the solicitor – prior to, or at, the time the client enters into an investment advisory or management agreement.

OneDigital's investment adviser representatives are compensated based on a percentage of the investment advisory fees they generate. Investment adviser representatives who are merely affiliated with OneDigital as independent contractors receive a higher percentage than those who are employed by OneDigital, given that OneDigital purchased the employed representatives' accounts and will provide them with an array of employee benefits. In addition to the initial payment for the purchase of their accounts, some employed investment advisers also are eligible to receive an "earnout" payment – which can be substantial - if their fees increase over a set period of time (generally three years). While those earnout payments are intended to encourage employed investment adviser representatives to add new clients, existing clients should understand it also creates an incentive for the employed representatives to offer new services or increase their fees.

### **Item 15 – Custody**

OneDigital requires clients to designate an unaffiliated "qualified custodian" to hold the assets in their accounts. Although OneDigital does not hold these assets, it is deemed by statute to have a form of custody based upon the fact it calculates the applicable advisory fee and has authority to instruct the applicable Custodial Partner to deduct that fee from the client's account and remit it to OneDigital.

OneDigital's investment management agreement also includes a limited power of attorney to permit us to make securities trades and other transactions on our clients' behalf. However, that limited power of attorney will not give OneDigital the authority to transfer funds out of the client's account. Similarly, the agreements clients sign with the Custodial Partners grant OneDigital the authority to undertake certain actions in their accounts on a discretionary basis. However, the authority granted in those agreements does not provide OneDigital with the ability to transfer funds out of the client's account to a third party without the client's prior permission.

Clients will receive account statements directly from the account's custodian not less

frequently than each calendar quarter, which will detail all activity and list any fee deductions noted above. These reports will be sent to the email or postal mailing address provided by the client, and they should carefully review those account statements to ensure they accurately reflect the assets that should be in the account.

Several firms acquired by OneDigital provide “family offices services” to their clients that include bill paying services. Because this service necessarily requires those employees to transfer funds out of the clients’ accounts, they are deemed to have custody of the clients’ funds. As a result, OneDigital acknowledges it has custody of client assets and will obtain an annual independent audit to review those activities in compliance with applicable regulations. OneDigital has entered into a contract with Bill.com to help consolidate those services and to make it easier for its Compliance Department to periodically monitor these activities.

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

For most client accounts, OneDigital has discretionary authority to manage the investments within the client’s account. The investment management agreement provided to the client will include a limited power of attorney that outlines the specific authority OneDigital will have to initiate investment transactions in the client’s accounts.

Specifically, OneDigital will have the authority to:

- i. buy, sell, and trade securities (stocks, bonds, options, etc.);
- ii. place, withdraw, or change transaction orders or instructions with the account’s custodian;
- iii. instruct the custodian as to which cost basis formula to apply to each account; and
- iv. enter into securities repurchase and securities reverse repurchase transactions.

However, OneDigital manages each client’s account consistent with the client’s investment objectives, which are established at the opening of the account but are subject to change at any time, at the client’s direction. In addition, clients can designate specific restrictions on the investments to be held in their accounts on the account management agreement and are reminded each calendar quarter to notify OneDigital of any changes they want to make to those restrictions.

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

OneDigital will not accept authority to vote on securities held in client accounts (i.e., proxy requests). In addition, it generally does not take any action or render advice with respect to the voting of proxies, unless it believes the advice is appropriate and necessary.

## **Item 18 – Financial Information**

Registered investment advisors are required in some cases to provide certain financial information and/or disclosures about their financial condition. For example, if OneDigital required clients to prepay advisory fees six months or more in advance, had a financial condition that was reasonably likely to impair its ability to meet its contractual commitments to its clients, or had been the subject of a bankruptcy petition during the past ten (10) years, it would be required to include certain financial information and make disclosures. However, none of these factors are applicable to OneDigital, so no such disclosures are necessary.