

**SEC Form ADV**

**Part 2A: *Firm Brochure***

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This document provides information about the qualifications and business practices of Devonshire Asset Management, Inc. Questions about the contents of this document may be directed to the above email address. The information contained herein has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Devonshire Asset Management, Inc. may be found on the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes Since Last Annual Updating Amendment**

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The most recent filing update of Form ADV for Devonshire Asset Management, Inc. (hereinafter Devonshire) as of 9/7/2010 reported assets under management (AUM) of \$36,041,898. As of 12/31/2010, this amount increased to \$46,284,357. These assets represent only those funds managed with “discretion” meaning Devonshire has the authority to make transactions within client accounts without first obtaining client verbal approval.

There are additional client assets that are not managed with “discretion”, do not qualify for the SEC definition of AUM, and therefore are not included in the AUM numbers above. These assets are considered “under advisement” rather than “under management” and may be contained in 401(k) or 403(b) Retirement Plans, educational savings within 529 Plans, Trusts or assets held by other investment firms, variable annuities or other types of accounts that cannot be directly managed. The amount of these non-discretionary assets as of 12/31/2010 was \$1,798,742.

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#### ***Item 4: Advisory Business***

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##### *Description:*

Devonshire Asset Management, Inc. (hereinafter Devonshire) is a “fee-only” advisory firm providing personal financial planning, investment advisory and management, and financial consulting services. Devonshire was founded by principal owner, Thomas E. Wade, in January 1999.

In January 2010, Devonshire merged with Winchester Financial Advisors, LLC, owned by Harold G. Richardson who now owns 50% of Devonshire. Mr. Richardson also owns Harold G. Richardson, CPA, a sole proprietorship providing tax preparation and planning services.

Devonshire is a privately held sub-chapter S corporation owned entirely by its two principals, who work strictly on a “fee-only” basis meaning there are no product sales or commission revenue. It is our belief that we serve the best interests of our clients by remaining independent of sales organizations, and thereby objective in our decision-making.

##### *Background of Principals:*

Thomas E. Wade (Tom) began his career in the stock brokerage business in 1982, evaluating suitable equity and fixed-income investments for individual clients. He progressed to the fixed-income bond desk of a leading Wall Street firm providing complex structured income and bond investments for institutional investors.

Tom earned his Certified Financial Planner™ certification in 1991 and prior to founding Devonshire, worked in the money-management business. As an equity analyst for a Boston firm, and member of the investment committee at a Wellesley Hills wealth manager, Tom was responsible for both asset allocation and equity management for over 250 individual clients representing more than \$200 million in assets under management.

Tom received his Bachelor of Business Administration degree with a concentration in Finance from the University of Massachusetts, Amherst. He is also a Chartered Mutual Fund Counselor™ and a Registered Advisor with the National Association of Personal Financial Advisors (NAPFA), the nation's only organization dedicated to the “fee-only” financial planning profession.

Harold (Hal) Richardson has been a Certified Financial Planner™ professional since 1989 and received the Personal Financial Specialist (PFS) designation from the American Institute of CPAs in 1997. He was Chair of the Personal Financial Planning Committee of the Massachusetts Society of CPAs from 2001-2003.

Hal received his B.S. from Boston University and an M.B.A. from the University of Michigan. He served as a Supply Officer in the U.S. Navy aboard USS Compton (DD705). Following his naval service and prior to his private tax practice, Hal was a tax manager at Arthur Andersen & Co.

#### *Services:*

Devonshire provides a broad range of personal financial planning services. Our specialties include retirement planning, structuring income for clients, and managing investments for growth and income. When we first meet with an individual or couple, we make it clear that our clients are best served by ongoing, long-term relationships, rather than one-time advisory arrangements. Therefore, our fees are based on the assets we manage or advise. A more in-depth discussion of fees can be found in Item 5: Fees and Compensation.

Advisory services are tailored to each specific situation. Before any work is done, we like to meet with our clients several times to become very familiar with their preferences, risk profiles, and needs for growth or principal-preservation. Our clients' investment portfolios typically contain an array of diversified investments including mutual funds, index funds, individual bonds and fixed-income securities and to a lesser extent, individual stocks. Our philosophy is to build wealth over time without frequent trading or manipulation, but rather by using a disciplined approach to allocating investments among numerous asset categories.

Investments are reviewed on a regular basis and changes are made when necessary (see Item 13: Review of Accounts). Changes in investments may be based on a client's need for liquidity, changes in the investment or economic landscape, geopolitical issues or a host of other personal or global reasons. Clients may opt out of certain types of investments, such as individual stocks, provided these requests are made in writing. Advisory services are tailored to each individual's specific needs.

Financial Planning services are not limited to managing investments. We provide advice for people who are preparing to retire; we counsel clients on real estate purchases, inheritances, divorces, Social Security, budgeting, planning a legacy, charitable giving, tax-reduction strategies, education planning, long-term care and many other personal financial matters.

Since investments and taxes are intertwined, having an on-site tax-advisory and tax-preparation affiliate company (Harold G. Richardson, CPA) provides a convenient and easily accessible source of tax-related solutions.

## **Item 5: Fees and Compensation**

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Management fees are based on each client account's assets under management. On a quarterly basis, in the month following the end of a calendar quarter (January, April, July and October), management fees are deducted directly from client accounts (with written authority), or invoiced by regular mail. Clients may select either method. Occasionally, we may charge hourly fees for advisory services in the range of \$200 to \$300 per hour.

The fee arrangement is flexible based on whether a client prefers to be billed in advance or arrears, or if a client prefers to have their fees from all accounts deducted from a single account. For example, if a couple has two IRA's and a joint account, they may prefer to allow the IRA's to grow tax-deferred, and therefore may wish to have the IRA's management fees be deducted from their joint account. We might recommend such an arrangement. If a client's agreement is terminated prior to the end of a calendar quarter, their fee would be prorated based on the number of days left in the quarter, and returned (if billed in advance) or may be deducted from their account(s), or the balance invoiced.

Accounts may be aggregated for the purpose of fee calculation, meaning the management fees are based on a household's total account balance. Management fees may be negotiable based on account size. Before any client relationship is established, the management fees and the method by which they are assessed are agreed upon in writing.

Our standard fee schedule for assets under management is 1% annually for amounts up to \$1 million; then .75% for assets exceeding \$1 million. Usually our fees are assessed in advance on a quarterly basis. For example, the fee for a client with a quarter-end balance of \$1,230,000 would be calculated as follows:

Annual fee = 1% for the first \$1 million; 0.75% for assets over \$1 million;  
Quarterly fee = (1% divided by 4) or 0.0025 times \$1 million;  
plus (.75% divided by 4) or .001875 times the amount over \$1 million or \$230,000;  
Quarterly fee = \$2,500 + \$431.25 = \$2,931.25

Although there are no custodial fees for holding a client's assets, there may be small transaction fees to implement the investment purchases or sales. At Fidelity and Vanguard, where most client assets are held in custody, these transaction charges are extremely low. For example, Fidelity charges \$7.95 for equity transactions of any size, but charges little or nothing to buy most mutual funds. (Certain funds may have a surrender charge if liquidated within 90 days of purchase).

Clients are free to use any custodian they choose, however we frequently recommend Fidelity and Vanguard for their low cost, wide range of services and varied investment choices.

If mutual funds are employed, each fund will have its own set of expenses, known as the "expense ratio" as described in the fund's prospectus. Typically, actively managed equity

mutual funds have annual expenses in the range of .85% to 1.75%. These expenses come out of the price per share of each fund and are separate from Devonshire's quarterly management fee.

Other than their typical transaction charges, individual stocks and bonds do not have separate fees or expenses except those built into their market prices (for example, the difference between the bid and ask prices). Index funds, on the other hand, generally have lower expenses than actively managed mutual funds since index funds are not directly managed in the way mutual funds are. The range of "trust expenses" for index funds is often between .08% and .65% per year.

Neither Devonshire, nor its employees accept any compensation from the sale of mutual funds or other financial products. We believe compensation received from the sale of financial products for commissions can influence an adviser's recommendations and therefore represents a conflict of interest. We prefer to align our investment decisions with our clients' needs and best interests. Potential conflicts of interest are disclosed to clients either verbally or by email or written correspondence.

## ***Item 6: Performance-Based Fees and Side-by-Side Management***

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- A. *Performance-Based Fees*: Devonshire does not engage in the practice of charging extra fees for performance. We believe this could result in a bias toward higher risk (potentially resulting in loss) in the attempt to achieve higher returns.

From a client's perspective, performance-based fees may have the appeal of compensating the investment manager only when their accounts go up in value. In practice, most performance-based investment managers charge a minimum fee (often 1 to 2%) regardless of a positive or negative outcome, in addition to up to 20% of any positive return.

For example, if a client invested \$2,000,000 in a performance-based account, earned 10% and was charged a 20% "incentive" fee, their annual expense could total \$60,000.

Base fee:

\$2 million x 1% = \$20,000

Performance Fee:

\$2 million x 10% = \$200,000 x 20% = \$40,000

- B. *Side-by-side management* simply refers to the practice of managing accounts that are charged a performance-based fee while at the same time managing other accounts that are charged another type of fee such as a flat fee or asset-based fee. While Devonshire does not engage in performance-based fees, clients may negotiate a flat-fee arrangement, but in most cases our fees are asset-based.



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

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Devonshire Asset Management, Inc. seeks to work with individuals rather than institutions. Institutions include state pension funds, public and private foundations, university endowment funds, insurance company investment pools, utility company reserves and other large investment funds.

Our typical client is an individual or couple who has accumulated, inherited or acquired substantial sums and requires advice and assistance in the management of those assets. These individuals may have a variety of account types including trusts, individual retirement accounts (IRA's), joint accounts, custodial accounts (for minors), or business accounts.

Devonshire also manages several accounts for non-profit organizations which include charitable funds and scholarship funds. Accounts for non-profit organizations generally are managed on a pro-bono basis.

The minimum account size for establishing a relationship with Devonshire is \$500,000. The minimum quarterly management fee is \$1,250. We may accept clients below these minimums for a variety of reasons, solely at the discretion of the principals of Devonshire. For example, a client may have entered into an agreement with Devonshire prior to the establishment of the current minimums. We reserve the right to raise these minimum requirements in the future.

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

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### *Fixed Income*

One of the most important aspects of managing client assets is providing investment income. Whether it's for ongoing living expenses or as required distributions from individual retirement accounts, cash flow from investments must be structured properly for each client.

Devonshire uses a "multi-asset" approach to deriving investment income. Traditionally bonds (corporate, government and municipal) provide semi-annual interest payments and comprise the core of most income-oriented investment portfolios. Bonds are chosen from around the country based on credit-quality, yield, issuer, maturity and industry sector. For example, we might prefer a corporate bond from a utility company over a bond from a small biotech company whose earnings and ability to pay principal and interest may be less secure.

In addition to domestic bonds, we may select foreign government bonds whose interest rates might be higher than those in the US. Bonds may be purchased in mutual funds, but more often they are selected individually. The risk of mutual funds can be greater in a rising interest-rate economic environment and therefore must be evaluated on that basis. (As interest rates rise, bond prices usually fall. Since mutual funds are "open-ended" and do not mature as an individual bond does, there is no assurance of a return of principal. Individual bonds have a contractual obligation to make all payments of interest and principal except in the cases of bankruptcy.)

Also, we may invest in closed-end fixed-income mutual funds (which trade on the stock exchanges), preferred stock (a class of stock that has preferential dividend treatment over common stock), real estate investment trusts (REITs) and other fixed income investments for additional income. Each of these types of investments has its own risk characteristics and there are no guarantees. Diversification among numerous types of securities is one of the best defenses against any one security having problems.

Although an investment may be categorized as "fixed-income", it does not mean its market value is fixed. Fixed-income refers to the steady nature of the interest payments, rather than price stability. Although the prices of fixed-income investments tend to be less volatile than equities, prices can and will fluctuate and could produce losses. Clients should be prepared to bear that risk with any investment.

### *Equity Investments*

Equities include individual stocks, stock mutual funds, exchange-traded index funds, international stocks and funds. Equities tend to have more price volatility than bonds and other fixed-income investments. Equities and stocks are usually purchased for their growth potential, but may also help in the generation of income from dividends.

Our overall strategy is to build a diversified portfolio containing a core group of equity investments, typically a number of index funds and/or mutual funds, then augment the core holdings with specific stocks or sectors (such as technology companies or energy stocks) that we feel have good growth prospects. Our research includes economic and global commentary as well as specific company and industry sector reports which may come from a variety of sources including Morningstar, Value Line, Bank of America/Merrill Lynch, Fidelity, Oppenheimer, YieldQuest, Capital Economics, Standard & Poor's, Bloomberg, Market Edge, Thompson Reuters, Zacks Investment Research, Ford Equity Research and others.

Please note: investing in equities involves risk. Risk includes individual company risk, industry risk, economic risk, market risk, and price volatility. International investing may involve currency risk. Certain mutual funds or closed-end funds may use leverage (debt) to increase their exposure to certain areas and therefore magnify their potential return (or loss). While we do our best to mitigate risk through security selection and diversification, any given month, quarter or year may result in a decline of an account's value.

**Item 9: Disciplinary Information**

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- A. Devonshire has not been the subject of any legal or disciplinary events. Nor have its principals.
- B. If ever Devonshire or an employee of the company is the subject of any legal or disciplinary events material to the integrity of the management of client assets, or a prospective client's evaluation of the advisory business, those events and all material facts relating to those events, will be disclosed.

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

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- A. Devonshire does not operate as a broker/dealer and does not register as such. Neither Devonshire principals nor employees are considered “registered representatives” of a broker/dealer firm and no applications are pending.
- B. Devonshire, its employees or principals do not operate nor have an application pending to register, as a futures commission merchant, commodity pool operator, or a commodity trading advisor. Also, there are no associated persons of the foregoing entities.
- C. Devonshire maintains a relationship with Fidelity Investments and other providers of brokerage services that are relevant and material to its advisory business. Clients may use any broker or mutual fund company they choose. For discretionary accounts managed by Devonshire, Fidelity provides numerous services enabling the efficient management of transactions and custody services. Factors important in the decision to use Fidelity or other brokerage firms include their respective financial strength, reputation, cost, transaction execution and pricing, and services.
- D. Devonshire shares office space with *Harold G. Richardson, CPA*, a sole proprietorship. Clients may be offered tax services as a convenience, but clients are under no obligation to use these services.
- E. Occasionally Devonshire may provide the names of attorneys to clients if they request a professional referral. Devonshire receives no compensation from this occasional practice.
- F. We do not recommend or select other investment advisers for our clients or receive compensation directly or indirectly from those advisers that may otherwise create a material conflict of interest, nor are there other business relationships with other advisers that might create a material conflict of interest.
- G. We will make all appropriate disclosures and observe all applicable federal and state laws.

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

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### *Code of Ethics*

- A. Devonshire requires all employees to adhere to a strict code of ethics. We have adopted the same Code of Ethics as the Certified Financial Planner™ Board of Standards and Practices as required of all Certified Financial Planner™ professionals. A copy of the Devonshire Code of Ethics can be found on the *Client Center* page of our website: [www.devonshireonline.com](http://www.devonshireonline.com) and will be made available to clients or prospective clients at any time upon request.
- B. Our Code of Ethics expresses the recognition of our responsibilities to the public, to clients, to colleagues and to fellow employees. They apply to all Devonshire employees and provide guidance in the performance of professional services. The guiding principles of the Code of Ethics are: integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence in all matters of providing professional services.

### *Interest in Client Transactions and Personal Trading*

- A. Devonshire does not participate in transactions directly with clients. In other words, as principals, we do not buy securities from (or sell securities to) our clients. Nor do we act as a general partner in a partnership for which we solicit client investments. Also, we do not act as an investment adviser to an investment company that is recommended to clients.
- B. From time to time, as private individuals, employees of Devonshire may invest in the same securities recommended to clients. If we feel strongly about the potential growth of certain investments, we may wish to personally take advantage of those opportunities. However, in no instances will information acquired in the course of business that would conflict in any way with clients' interests, be used in such a way as to compete in the marketplace with clients.
- C. Employees are required to maintain separate and detailed logs of security transactions to ensure compliance with the above requirements. Purchases or sales of securities by Devonshire employees should be made several days *after* similar transactions completed for clients. Quarterly reports of personal transactions are stored in the Devonshire Compliance Manual.

## **Item 12: Brokerage Practices**

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- A. *Selection of Brokers:* In considering the choice of brokers and custodians for client transactions and the safe-keeping of client assets, we look for a number of factors: size and stability, ease and speed of enacting transactions, reporting and client statements, back office support, quality and size of fixed income (bond) inventories, reasonableness of transaction costs, research options, training and software support, user interface with custodian systems, and branch office network for client service.
- B. *Prime Brokerage:* Devonshire does not currently use Prime Brokerage arrangements. These are third-party brokers who offer their research and transaction capabilities in exchange for client transactions. Although we reserve the right to select brokers which we feel will best serve our clients, we are conscious of the typically higher cost of transactions involved in Prime Broker relationships and therefore choose not to use them.
- C. *Research and Soft Dollar Benefits:* We receive research from many sources as described in *Item 8: Methods of Analysis, Investment Strategies and Risk* on page 10. Some of the research providers are available by maintaining personal investment accounts, such as the case with Bank of America/Merrill Lynch, Vanguard, and Fidelity. Others are paid services including Morningstar and Capital Economics. Other than Fidelity, we do not engage in “soft dollar” benefits, or the practice of accepting “free” services, including research reports, in exchange for custody and transactions. In the case of Fidelity, they provide their own economic and equity research in addition to numerous third party research firms, while maintaining very low transaction charges (\$7.95 per equity trade), and full custody and back-office services. Although we might otherwise derive a benefit by using soft dollar practices from numerous sources (since we would not have to pay for their research, products or other services), our goal is achieve the best results we can for our clients, and higher costs for transactions would have a negative effect on investment returns.
- D. *Types of Products:* Devonshire employs a variety of investments for client accounts. Stocks and exchange-traded index funds (ETF’s) trade on the major stock exchanges and involve a brokerage commission. Mutual funds trade via the mutual fund company. Fidelity offers a “supermarket” of mutual funds from a variety of investment companies which provides a convenient solution. Most mutual funds are purchased and sold with no transaction cost, but certain fund companies require a transaction fee. Other funds have a minimum holding period (for example 90 days) or will charge a fee if sold within this minimum period. Bonds are purchased at their “offer price” and do not involve an added cost. However, bond prices are subject to market conditions and may fluctuate in price. The cost of purchasing a bond is contained in the “spread” – the difference between the offer (price to buy) and bid (price to sell). We seek to purchase bonds at attractive prices with reasonable yields to maturity.

- E. *Client Referrals*: Devonshire does not accept client referrals in exchange for brokerage services. We have no interest in selecting or recommending a broker-dealer based on the referrals that relationship may generate. As a result, our interests are aligned with our clients. However, we receive numerous referrals from both clients and third parties. In either case, we do not pay for client referrals.
- F. *Directed Brokerage*: We do not require clients to use Fidelity as custodian and brokerage provider; however we frequently recommend them for the benefits mentioned in *Item 12: Brokerage Practices, Section A: Selection of Brokers* on page 15. The amount of assets controlled by Devonshire minimizes the cost of employing a firm like Fidelity to provide all of the services it offers. By suggesting Fidelity, we believe we are able to achieve favorable execution of client transactions while allowing our trading processes to be as efficient as possible. We do not believe this relationship results in higher costs for our clients. On the contrary, by pooling accounts, aggregating assets or making block transactions, we can often affect better pricing for both stocks and bonds. If a client chooses to use another broker, we may not be able achieve the same economies of scale in their account(s) and therefore may not achieve the most favorable execution of transactions. Using a broker other than Fidelity may result in a client receiving less favorable prices or paying higher brokerage commissions.
- G. *Block Trading*: Through proprietary software provided by Fidelity, Devonshire is able to make block purchases of certain securities. For example, if we plan to buy a specific stock, we will first determine to which client accounts it should be added and in what amounts. We then determine the total number of shares to buy and make a single block purchase. We then allocate the shares to each individual account following the block trade. This provides cost efficiency and operational efficiency from a trading standpoint. It also allows consistency in the price per share allocated among various client accounts.

We may act similarly on the bond side. However, unlike stock transactions, generally we work directly with a trader on Fidelity's bond desk. In these instances we will instruct the trader to purchase a particular bond in sufficient size to be spread among numerous client accounts. We send the account allocations to the trader and the trader will allocate the appropriate number of bonds to each client account as instructed. Here again, we establish trading efficiencies and consistent pricing for clients.

We are not always able to accomplish block trading, as when a client first opens an account. In this case, we may not be transacting other client accounts simultaneously and therefore may not benefit from the efficiencies of block trading. Likewise, if a client closes an account and asks to have all the positions liquidated to cash, the transactions would stand alone and be subject to market prices at the time of the transactions.



### **Item 13: Review of Accounts**

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- A. *Account Reviews:* Client accounts and financial plans are reviewed in a number of ways. On a daily basis, all investment positions' prices are monitored. Each day begins with a download of data from the custodian (Fidelity) which includes updates on all securities, prices, balances and transactions. This data is posted to client accounts. Balances and positions are reconciled. As a result, we know the balances and changes for every investment in every account every day.

On a monthly basis, all individual accounts are reviewed for their performance and asset allocation. Performance is calculated using portfolio management and accounting software and internal monthly reports are generated. Asset allocation (or the percentage of *Equity*, *Fixed Income* and *Cash* investments) is reviewed on a per-account basis to determine continued appropriateness.

- B. *Client Reporting:* Annual Reports may be sent to clients in written form following the end of each calendar year which usually include an economic summary and commentary, account balances (including percentage changes for each security), investment yield (income), annual and historic performance, taxable gains as well as the requisite annual delivery of the Devonshire Privacy Notice and the offer of SEC Form ADV, Part 2A (the *Brochure*).
- C. *Monthly statements* are delivered by the custodian to clients in either electronic or hard copy form depending on client preference. These statements include the total portfolio balance, the portfolio income for the month and year-to-date, a summary of holdings including the cost of each security (Fidelity may not always have the cost basis if account positions are transferred to Fidelity from another custodian), and a history of transactions within the month. For convenience, clients may opt to have all accounts combined on one statement. This process is known as "householding" and is available at no cost.
- D. *Tax Information:* The custodian will send tax forms which report interest, dividends and other income. Additionally, IRA account holders will receive year-end statements of contributions, balances and taxable withdrawals.
- E. *Client Reviews:* Financial planning is performed on a client-by-client basis depending on client need. While we recommend at least annual client meetings, it is up to each person when and under what circumstances they wish to meet or update their personal planning matters. A review may be triggered by changes in a client's situation, such as a divorce, death in the family, inheritance or job change. Clients are welcome to contact or meet with us at any time. Reviews are conducted by principals Thomas E. Wade and Harold G. Richardson.

**Item 14: Client Referrals and Other Compensation**

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- A. Devonshire does not engage in the practice of paying for client referrals.
- B. Neither Devonshire nor any of its employees are compensated via sales contests, prizes or other forms of economic benefits from outside companies or organizations.
- C. Based on the merger arrangement made between Thomas E. Wade and Harold G. Richardson, all revenues of *Harold G. Richardson, CPA* (a sole proprietorship) are assigned to Devonshire.

### ***Item 15: Custody***

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- A. Devonshire does not maintain custody of client funds. Clients select a qualified custodian who will send statements monthly or quarterly directly to the clients. Clients should carefully review those statements for purchase and sale information, cost basis for tax purposes, management fees and balances.
- B. Clients should make sure their year-end balances sent by the custodian are the same as the balances contained in the Devonshire Annual Report. Clients should contact Devonshire immediately if any discrepancies are found.
- C. On rare occasion, a mutual fund may delay the payment of a year-end dividend or capital gain distribution until a few days into the New Year. Depending on how the custodian accounts for these fund distributions (by cash or accrual accounting), may result in a small difference in year-end account balance. Devonshire strives to reconcile all account balances on a daily basis to ensure accuracy.

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

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- A. Devonshire generally recommends discretionary authority when managing client accounts. Discretion is the ability to make decisions and transactions on behalf of clients without receiving verbal or written client approval for each transaction.
- B. Clients may choose to have their account(s) managed on a non-discretionary basis. However, the disadvantages of this decision may be:
  - 1. The efficiency with which their account(s) are managed, since accounts may not be able to be included in block transactions with other client accounts;
  - 2. The potential additional cost involved in the management of their account(s);
  - 3. The time it may take to contact clients with non-discretionary accounts to obtain verbal authority when transactions are recommended.
- C. Prior to assuming discretionary management, Devonshire and the client sign an Investment Management Agreement which explains the nature and authority of the investment management relationship including discretion. In addition, Fidelity (if chosen as the custodian) includes in their brokerage applications language that allows clients to grant Fidelity the ability to act on instructions from Devonshire regarding trading and advisory fee deductions.
- D. Both the Fidelity application and the Devonshire Investment Management Agreement comprise the authority granted by clients to allow investment discretion.
- E. Although transactions may take place, under no circumstances may funds be withdrawn from client accounts without written authority with the exception of sending checks to the address on record (the client's address). The authority for the custodian to make wire transfers, account transfers, or electronic funds transfers must be granted in writing by the client.

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

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- A. Clients may receive proxies or other requests for action directly from their custodian or transfer agent.
- B. Occasionally, clients may request to have their proxies, prospectuses or other investment related material suppressed instead of sent directly to their mailing address. As a courtesy, Devonshire may volunteer to receive this material. However, Devonshire may not vote these proxies or be responsible for replying to shareholder requests unless instructed to do so by the client.
- C. Devonshire does not maintain, nor wishes to accept, the authority to vote on behalf of clients regarding vote-eligible securities.
- D. A copy of Devonshire's proxy voting policies and procedures is available to clients and prospective clients upon request.
- E. Clients may contact Devonshire at any time with questions regarding a particular proxy vote or other material received regarding their investment holdings.

**Item 18: Financial Information**

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- A. Devonshire is not required to include an audited balance sheet for regulatory purposes.
- B. Devonshire does not require pre-payment of management or advisory fees. In cases where fees are agreed to be paid in advance, they are assessed quarterly, rather than six months or more in advance.
- C. Devonshire does not maintain custody of client funds.
- D. Although Devonshire maintains discretionary authority over client funds or securities, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.
- E. Neither Devonshire nor its principals have been the subject of a bankruptcy petition at any time during the past ten years.