

**WRAP FEE PROGRAM BROCHURE  
FORM ADV, PART 2A, APPENDIX 1**



**13001 University Ave.  
Clive, IA 50325  
800-722-9861  
www.dewaay.net**

**March 31, 2011**

This wrap fee program brochure provides information about the qualifications and business practices of DeWaay Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 800-722-9861. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

DeWaay Capital Management, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about DeWaay Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for DeWaay Capital Management is 116214.

## Item 2: Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, the document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting your personal investment advisor representative or our office at 800-722-9861.

Additional information about DeWaay Capital Management, Inc. (hereinafter referred to as “DCM”, “us”, “we”, “our” or the “Firm”) is also available via the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with DCM who are registered, or are required to be registered, as investment adviser representatives of DCM.

**DeWaay Capital Management, Inc.**  
**March 2011**

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This brochure provides prospective clients with information about DCM that should be considered before or at the time of receiving investment advisory services from DCM. Please be advised that DCM will not assign its duties to you to any other party without your consent. Please maintain this brochure for future reference.

#### **Item 4: Services, Fees and Compensation**

As part of its management services, DCM may choose or recommend mutual funds on behalf of Client accounts. Where DCM recommends mutual funds that have associated transaction costs, DCM will pay applicable transaction costs. Where DCM recommends exchange traded funds that have associated transaction costs, DCM will not pay the applicable transaction costs. Participants in this program (the "Program") pay a single "wrap fee" ("Program Fee") that includes the management fee and applicable transaction costs.

##### ***Equity and Debt Portfolio Management***

DCM actively engages in the separate management of diversified portfolios consisting of equities, fixed income and cash equivalent securities on behalf of its clients. DCM shall make recommendations with respect to these securities (equities, fixed income and cash equivalent securities); participants may pay the applicable transaction costs in addition to the management fee.

In addition to the management fees, from time to time during the management of its various portfolios DCM may pass on transactional and operational costs to its clients. Transactional and operational costs may include but are not limited to transaction fees such ticket charges, reorganization fees, regulatory fees, etc.

"Qualified" clients, as the term is defined by Rule 205-3 of the Investment Advisers Act of 1940 ("Qualified Clients"), may enter into arrangements where performance-based fees are assessed for advisory services offered by DCM. All clients must have at least \$750,000 in assets under management with DCM or must certify that such client has a net worth of at least \$1,500,000 at the time of entering into the performance-based fee agreement.

##### ***Client Investment Process***

DCM provides discretionary and non-discretionary portfolio management on a continuous basis. The investment advice provided by DCM is variable depending upon the desires, objectives, and other preferences of the client. Each individual investment portfolio will be developed within the context of, but not limited to, the client's total net worth, acceptable degree of risk tolerance, and particular investment needs, goals, objectives, and time horizon. Such advice will typically involve providing a variety of services and may include investment buy/sell recommendations, asset allocation, and the selection of mutual funds for the client's account.

##### ***Account Reporting***

Client accounts are monitored on a continuous basis. Don DeWaay, the portfolio manager assigned to the account, or another qualified representative of DCM ("Portfolio Manager") will conduct all reviews. Advisory accounts are reviewed on at least a quarterly basis, with no specific number of accounts assigned to each reviewer.

The custodian/broker typically sends clients a confirmation of every securities transaction and a monthly or quarterly brokerage statement reflecting all transactions in the client's account held by the custodian/broker. DCM may provide additional written reports to clients on a quarterly basis. Such reports may include a detailed holdings report, transaction reports, and performance reviews.

##### ***Fees and Expenses of Programs***

On an annualized basis, DCM's fee for portfolio management is generally equal to 1.00% of assets under management, payable quarterly in advance. However, in certain cases, other fees may be negotiated. Typically, fixed income and annuity portfolios will be charged 0.50% on an annualized basis. The first payment is due upon execution of the Investment Advisory Agreement ("Agreement") and will be assessed pro-rata in the event the client agreement is executed at any time other than the first day of the calendar quarter.

Subsequent payments are due and will be assessed on the first day of each calendar quarter based on the value of the Account assets under management as of the close of business on the last business day of the preceding quarter. The exact management fee charged to the account is set forth in the Agreement. Upon entering into the Agreement, the Client opens a brokerage account with an independent and unaffiliated brokerage firm, such as TD AMERITRADE Institutional Services, a division of TD AMERITRADE Investor Services, Inc., member FINRA/SIPC ("TD AMERITRADE"), among others. The brokerage firm provides advisory clients with securities custody and execution services.

Either DCM will invoice the client directly for the advisory fees or the qualified custodian holding the client's funds and securities will debit the client account directly for the advisory fees. The fees deducted from a client's account are transactions that display on the client's brokerage statement. Fees will be payable by liquidating a portion of the account assets if money market funds or a free credit balance are not available. Liquidation may subsequently affect the relative balance of an account.

Clients may make additions to the account at any time. Additionally, clients may withdraw account assets, subject to the usual and customary securities settlement procedures. No fee adjustments are made for partial withdrawals or deposits within a billing period.

#### ***Mutual Fund Charges***

All fees paid to DCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. Fees charged by mutual funds will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, the client may pay an initial or deferred sales charge. Where DCM recommends mutual funds that have associated transaction costs, DCM will pay the transaction cost.

#### ***Structured Product Charges***

Advisory representatives of DCM may offer advice to clients regarding structured products. In addition to the annual fee prescribed in the Investment Advisory Agreement, investments in structured products may also be subject to an additional one-time custodial transaction fee of approximately \$25.00 which will be charged to the client.

#### ***Additional Fees and Expenses***

In addition to the aforementioned, there may be other costs assessed which are not included in the Program Fee, such as national securities exchange fees; charges for transactions with respect to assets not executed through the custodian; costs associated with exchanging currencies; wire transfer fees; or other fees required by law. The Program may cost the client more or less than purchasing such services separately.

The client should consider that, depending upon the level of the Program Fee charged, the amount of portfolio activity in the client's account, the value of services that are provided under the Program, and other factors, the Program Fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

In addition to the management fees described herein, from time to time during the management of its various portfolios, DCM may pass on transactional and operational costs to its clients. Transactional and operational costs may include but are not limited to transaction fees such ticket charges, reorganization fees, regulatory fees, etc.

#### **Item 5: Account Requirements and Types of Clients**

DCM does not impose a minimum account size in order to open or maintain a wrap fee account.

DCM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates,

charitable organizations, corporations and other business entities.

#### **Item 6: Portfolio Manager Selection and Evaluation**

Portfolio Managers who are involved in determining or giving investment advice to clients must meet all examination or experience requirements of the states and/or jurisdictions in which the individual provides advisory services. Applicable educational background and business experience in the fields of investment, risk management, taxation, pension planning, and/or estate planning is encouraged.

#### **Item 7: Client Information Provided to Portfolio Managers**

DCM provides discretionary and non-discretionary portfolio management on a continuous basis. The investment advice provided by DCM depends upon the desires, objectives, risk tolerance, and other preferences of the client. Each Portfolio Manager will provide investment advice within the context of, but not limited to, the client's total net worth, acceptable degree of risk tolerance, and particular investment needs, goals, objectives, and time horizon. Such advice will typically involve providing a variety of services and may include investment buy/sell recommendations, asset allocation, and the selection of mutual funds for the client's account.

Certain strategies employed by the Firm may incur more risk than others may incur. The risk involved with these specific strategies are generally evaluated by the client and the Portfolio Manager prior to any investment being made in order to ensure that the client's goals, objectives, and financial situation is such that he or she is able to bear the risks inherent to these investments.

#### **Item 8: Client Contact with Portfolio Managers**

Client contact with Portfolio Managers will vary widely depending on the number of clients each Portfolio Manager is involved with within their respective practice and/or the number of accounts over which the Portfolio Manager has discretion. Generally, client accounts are reviewed periodically or in response to client requests. Generally, clients will not participate in the review. Arrangements for formal reviews are determined by DCM on a case-by-case basis. Additional reviews may be provided based on a significant change in the market, the client's financial situation, significant additions to or withdrawals from the account, transactions and significant changes in asset allocations, or at DCM's or the client's request.

#### **Item 9: Additional Information**

##### ***Potential Conflicts of Interest***

Donald G. DeWaay, President of DCM, is the Managing Member of DCM Partners, LTD, which serves as General Partner to DCM Everest, LLC; DCM Natural Resources Partners, LLC, which is the General Partner to DCM Natural Resources Fund I, LLC; and to Alpha Management, Inc., which is the General Partner to DCM Alpha, LLC, (collectively referred to as the "Funds"). These Funds are pooled investment vehicles that invest in private funds ("hedge funds"). Mr. DeWaay is also a 49% owner in a private accounting practice, which is located in Estherville, Iowa.

Certain associated persons of DCM are licensed to sell securities through DeWaay Financial Network ("DFN"), an affiliated securities broker/dealer registered with the Securities and Exchange Commission and the Financial Regulatory Authority (FINRA). DCM and DFN are affiliated through common control and ownership. Such associated persons are involved in the sale of securities of various types, including, but not limited to, stocks, bonds, and mutual funds. In addition, certain associated persons are licensed to sell various insurance products. Because of such sales activities, associated persons will receive additional compensation in the form of commissions, including 12(b)-1 fees for the sale of investment company products.

All clients are always advised that they shall have total freedom to effect any and all securities transactions with any broker/dealer of their choosing. Because of such sales activity, there is a potential conflict of interest.

Through common control and ownership, DCM is affiliated with DeWaay Benefit Administrators, LLC, a third-party administrative firm servicing pension and profit sharing plans. Clients of DCM may become clients of DeWaay Benefit Administrators, LLC, but are under no obligation to utilize the services of DeWaay Benefit Administrators, LLC.

On occasion, Don DeWaay may purchase shares in illiquid stocks, such as limited partnerships or private placements, from DCM clients. In such cases, this may occur where there is either no or a limited secondary market and shares will be purchased at fair market value. In such cases, Mr. DeWaay may purchase such shares only in a personal capacity; DCM will not participate in principal transactions.

### ***Code of Ethics***

As these situations may represent a conflict of interest, DCM has established the following restrictions in order to ensure its fiduciary responsibilities:

- DCM emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the firm shall prefer his or her own interest to that of the advisory client.
- DCM and its associated persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance of DCM's Compliance Officer. Moreover, investment personnel are subject to a 10-day blackout period from trading in such securities.
- DCM and its employees may not participate in private placements or initial public offerings (IPOs) without preclearance from the firm's Compliance Officer.
- DCM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by DCM, associated persons of DCM, and related entities. A qualified representative of DCM will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

### ***Participation or Interest in Client Transactions***

DCM or individuals associated with the firm may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. It is the expressed policy of DCM that no person employed by the firm may purchase or sell any security prior to transactions being implemented for an advisory account, therefore preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

### **Item 10: Requirements for State-Registered Advisers**

DeWaay Capital Management is registered with the Securities and Exchange Commission rather than a state securities authority. Therefore, this item is not applicable.