

# **DANIELS + TANSEY, LLP**

## **Part 2A of Form ADV The Brochure**

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**This brochure provides information about the qualifications and business practices of Daniels+Tansey, LLP. If you have any questions about the contents of this brochure please contact the Compliance Officer, Christopher F. Daniels, at 302-594-1070. The information in this brochure has not been approved by the Securities and Exchange Commission ("SEC") or any state securities authority.**

**Additional information about Daniels+Tansey, LLP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **Material Changes**

This brochure represents revisions of the original Form ADV Part 2 that was submitted in March 2011. Daniels+Tansey, LLP ("D+T") amended its ownership in June 2011 and also created an affiliation with a new SEC registered investment adviser, DT Investment Partners, LLC ("DTIP"). As a result of these changes, certain individuals who previously had an ownership interest in D+T, now have ownership interests in the affiliate, DTIP. Also, Christopher F. Daniels has assumed the role of Chief Compliance Officer. The Firm has also amended its disclosure regarding participation in "wrap programs" under "Advisory Business".

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### **ADVISORY BUSINESS**

Daniels+Tansey, LLP offers the following services as part of its advisory business:

1. Investment Advisory Services
2. Wealth Management Services
3. Multi Family Office Services
4. Financial Planning/Financial Consulting
5. Matrimonial Financial Planning and Litigation Support

At December 31, 2010 the firm had discretionary assets under management of \$274,168,998, nondiscretionary assets under management of \$7,945,699 and total assets under management of \$282,114,697. Total assets under advisement were \$ 328,043,511.

#### **Investment Advisory Services**

Daniels+Tansey, LLP (hereinafter, "D+T", "Advisor" or the "Firm") is a limited liability partnership formed under the laws of the State of Delaware. The firm has been registered with the Securities and Exchange Commission as an investment adviser since 2004. The principal owners of the firm are Christopher Daniels, DeVon Daniels, Susan

Benson and Adele McIntosh. D+T offers advisory services to individuals, pension and profit sharing plans, trust, estates, charitable organizations, corporations and other organizations on a discretionary and non-discretionary basis. The Firm currently has minor participation in a few "wrap" programs with other advisers. There is no difference in the investment management or trading of accounts that are referred through these programs. The firm receives a portion of the total fee paid to their advisor by these wrap clients for investment management services provided by D+T.

D+T believes that asset allocation among various asset classes offers the best opportunity to achieve investment success. D+T frequently employs sub-advisers, particularly its affiliate, DT Investment Partners, LLC, to provide clients investment options and to manage assets on their behalf.

D+T assists clients in developing an appropriate Investment Policy Statement for assets under discretionary authority of the firm. The Policy is based on the client's investment goals and objectives and risk tolerances. The firm provides coordination and administration of appropriate accounts and related asset transfers. The Investment Policy for each client receives customized implementation which includes active tax and cost efficient portfolio management.

The firm provides continuous monitoring and management of the investment vehicles chosen to implement portfolio strategies. As necessary, client portfolios are rebalanced or policies and strategies are modified if circumstances or client objectives dictate.

In addition to statements received from qualified custodians, clients receive quarterly detailed written reports from D+T with respect to their investment portfolio. As requested, clients may receive preliminary tax information (e.g. realized and unrealized gains/losses, interest and dividends received) to facilitate tax planning.

Prior to engaging D+T to provide investment advisory services, the client will be required to enter into an Investment Advisory Agreement with D+T setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee, if any, that is due from the client prior to D+T commencing services.

A client may terminate its investment advisory agreement upon written notice to D+T and is effective upon receipt. Upon termination, fees paid in advance will be prorated and any unearned portion thereof will be returned to the client. The refund will be calculated based on the number of days remaining in the billing period after the date of termination. Fees paid in arrears will be pro-rated and any earned portion thereof will be due to D+T. The fee will be calculated based on the number of days during the billing period that the account was managed before the date of termination.

Advisor will assist clients with appointment of a qualified custodian to hold client funds and securities. Advisor shall never hold client funds or securities and shall be deemed to have custody solely because of its authority to deduct fees.

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to Advisor. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. As the client's financial situation, goals, objectives or needs change, the client must notify D+T promptly.

### **Wealth Management Services**

A client may elect to have D+T provide wealth management services in addition to the investment advisory services noted above. Such services may include recommendations for cash flow strategies and implementation of such strategies based upon unique cash flow needs. Further, D+T may provide assistance with establishment, if requested, of other non-discretionary accounts at selected custodians. D+T may also perform an annual asset allocation review of client's total investment assets including assets not managed by D+T e.g. deferred compensation arrangements, retirement plans, stock options and direct real estate investments. Advisor may also provide advice regarding recommendations for investment options available in a client's company sponsored retirement plan.

Advisor may provide an insurance needs analysis, as appropriate and requested, for life, disability and long term care protection; recommendations on types of policies, and appropriate coverage. Advisor may also review and make recommendations regarding client's property and casualty insurance coverage.

Other miscellaneous wealth management services may include review of a client's personal and investment mortgages, debt financing and loan alternatives. Advisor also provides consultation regarding a client's estate planning issues and/or strategies for philanthropic and multi-generational planning. D+T may also provide consultation with a client's advisor regarding insurance, tax, investment estate and retirement planning.

### **Multi-Family Office Services**

D+T provides additional family office related services beyond the aforementioned wealth management services for certain individual clients. Such services may include but are not limited to the following:

*Enhanced Cash Flow Management* – Provide cash flow projections, budget analysis, preparation of checks for bill payment by client, assistance with balancing family checking accounts.

*Integrated Wealth Management* – Development of multi-generational wealth transfer strategies to maximize family wealth based on tax minimization. Coordination of

executive benefits (deferred compensation, employee stock options, restricted stock and retirement plans) with estate plan and financial plan. Development of business succession and transfer strategies for closely held family businesses.

*Family Advisory Meetings* – Coordinate family advisory meetings with family financial advisors. Develop financial education for children. Assist in development of family mission statement and governance. Development of philanthropic strategies based on family mission statement.

*Risk Management* – Insurance consultation with advisors, coordination of family financial security and wealth preservation.

*Tax and Accounting* – Assist Ann Taylor Tansey & Co. (related tax and accounting firm) with tax planning and return preparation and also provide financial investment information requested in the event of tax authority audit.

Either party may terminate a wealth management or wealth management/multi-family office agreement at any time by providing written notice to the other party. In the event of any unearned fees, D+T will provide Client with a pro-rata refund promptly.

### **Financial Planning/Financial Consulting**

D+T provides financial planning/financial consulting services to clients to assist with long or short-term objectives as defined by the client. Such services are not ongoing in nature and are generally completed within six months of the date of the engagement. Assistance with development of a comprehensive financial plan may include, but is not limited to, advice on the following issues:

- Cash flow management
- Retirement Planning
- Risk management
- Estate planning

Further, D+T may provide a review and update of the client's existing financial plan.

Consultation or Planning Services may include any of the following at the specific request of the client:

- Review of the client's overall financial situation and issue of a written report of recommendations
- Review of estate planning issues

- Preparation of a review of retirement planning issues
- Review of educational funding issues
- Preparation of a written asset allocation report and associated recommendations
- Preparation of a portfolio analysis report and associated recommendations
- Client initiated hourly consultation services on myriad issues raised by the client, on an as needed basis.
- Review of cash flow issues
- Review of investment risk analysis
- General tax issues and projections
- Review of fringe benefit considerations
- Business related issues to include multi-generational family planning
- Other miscellaneous services based on unique client needs

### **Matrimonial Financial Planning and Litigation Support Services**

D+T provides matrimonial financial planning and litigation support services. The services we provide may include the following:

*Financial Education* – Assist in the development of the marital estate and financial implications of division of the marital estate. The education process provides an in depth analysis of the family's assets and liabilities as well as tax implications attendant to the division of the marital estate.

*Financial Settlement Projections* – Assist clients in the review of various options and financial implications of settlement alternatives.

*Standard of Living During the Marriage* – Assist clients in determining support and maintenance requirements through income and expense analysis.

*Post-Financial Settlement Planning* – Assist in the development of an integrated wealth management plan.

*Remarriage Planning* – Assist the client in understanding the financial considerations of a re-marriage including the benefits of a prenuptial agreement and a plan for sharing income and expenses.

### **FEES AND COMPENSATION**



D+T's fees are dependent upon the client's choice of the aforementioned services available in its advisory business.

**Investment Advisory Services Fees** – Listed below is the standard fee schedule based on assets under management:

Equity and Balanced Accounts:

First	\$2,000,000	1.25%
Next	\$3,000,000	.75%
Next	\$5,000,000	.60%
Next	\$10,000,000	.30%
	\$20,000,000 +	Negotiated

Fixed Income Only:

First	\$2,000,000	.50%
Next	\$3,000,000	.35%
Next	\$5,000,000	.25%
Next	\$10,000,000	.20%
	\$20,000,000 +	Negotiated

Enhanced Cash Management

First	\$2,000,000	.35%
Next	\$3,000,000	.25%
Next	\$5,000,000	.20%
Next	\$10,000,000	.15%
	\$20,000,000 +	Negotiated

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15U.S.C. 80b-5(a)(1)).

As a general matter, fees are charged on a pro-rata basis quarterly in advance or in arrears, as mutually agreed upon with the client and based on the closing market value of the account, including cash and cash equivalents, on the last day of the calendar quarter. Advisor generally receives client permission to have fees deducted automatically from the qualified custodian account. Clients will be provided with a quarterly statement reflecting the deduction of the advisory fee.

While it is the general policy of D+T to charge fees to its clients in accordance with the fee schedules noted above, the fees are subject to negotiation and may vary

from these schedules to reflect circumstances that may apply to a specific client account. For example, fees may differ from those stated herein because of long-standing relationships, anticipated client additions to assets under management, employee related accounts, changing market conditions, or for other reasons.

In the event the client provides notice of termination to the Advisor, the Advisor will prorate fees earned through the termination date and promptly refund any unearned fees to the Client.

### **Wealth Management Services Fee**

D+T charges clients \$3,000 for the first quarter that services are rendered and \$1,500 for each subsequent quarter. Payments are due as follows: \$1,500 upon execution of the Agreement and \$1,500 upon delivery of the Investment Policy Statement. Quarterly billing will commence with the calendar quarter after the delivery of the Investment Policy Statement. No further charges will be billed should the client elect not to implement the firm's recommendations subsequent to the delivery of the Investment Policy Statement. Fees will be charged in advance and automatically deducted from the custodian account and clients will receive a quarterly statement reflecting deduction of the advisory fee.

### **Multi-Family Office Services Fee**

In addition to the aforementioned wealth management fees, D+T will charge a minimum Multi-Family Office Service fee of \$2,500 quarterly. Such fees may greatly exceed the minimum based upon the level of services elected by the client. Fees will be automatically deducted from the client's account with the qualified custodian. Clients will be provided with a quarterly statement reflecting deduction of the advisory fee.

### **Financial Planning/Financial Consulting Fee**

The services of D+T are billed on an hourly basis at rates ranging from \$75 to \$350. In addition to fees for services, out-of-pocket expenses relating to the consulting arrangement are also billed to the client. These include travel time and reasonable mileage reimbursement, photocopying fees, report binding, long distance telephone charges etc. The services of the firm may be provided on a retainer basis in which case a fee is due at the onset of this engagement. Should fees exceed the retainer; excess fees will be billed at the end of each month during the course of the engagement. Fees are due upon presentation of statements and a 1.50% monthly interest charge (18% annualized) will be assessed on balances outstanding beyond 30 days. Further, the Advisor's hourly billing rates are reviewed annually and may increase each year on January 1<sup>st</sup>. The client will be notified of any such change in advance. The Advisor's maximum hourly fee is currently \$350. Hourly fees may be modified based upon the scope and/or complexity of services, individual circumstances, number of staff utilized,

or other variables, at the discretion of the Advisor. The client will be notified of any such change in advance.

The Advisor's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. The Advisor does not receive any portion of these commissions, fees and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

The client may terminate the agreement at any time by providing written notice to D+T. If the client terminates the agreement within five (5) business days of the date of the agreement, the client is entitled to a full refund of advisory fees paid. Thereafter, the client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Any unearned fees will receive a pro-rata refund to the client.

### **Matrimonial Financial Planning and Litigation Support Services Fee**

The services of D+T are billed on an hourly basis at rates ranging from \$75 to \$350. Litigation services (pre-trial conferences, depositions and expert testimony) are billed at \$350 per hour. In addition to fees for services, out-of-pocket expenses relating to the consulting engagement are also billed to the client. These include travel time and reasonable mileage reimbursement, photocopying fees, report binding, long distance telephone charges etc. The services of the firm may be provided on a retainer basis in which case a fee is due at the onset of this engagement. Should fees exceed the retainer; excess fees will be billed at the end of each month during the course of the engagement. Fees are due upon presentation of statements and a 1.50% monthly interest charge (18% annualized) will be assessed on balances outstanding beyond 30 days. Further, the Advisor's hourly billing rates are reviewed annually and may increase each year on January 1<sup>st</sup>. The client will be notified of any such change in advance. The Advisor's maximum hourly fee is currently \$350. Hourly fees may be modified based upon the scope and/or complexity of services, individual circumstances, number of staff utilized, or other variables, at the discretion of the Advisor.

The Advisor's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. The Advisor does not receive any portion of these commissions, fees and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

Either party may terminate the agreement at anytime by providing written notice to the other party within five (5) days of signing the Advisor's matrimonial financial planning agreement. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds for unearned fees will be given on a pro-rata basis.

### **Additional Information Concerning Fees**

Advice offered by Advisor may involve investments in stocks, bonds, Exchange Traded Funds (ETFs), hedge funds, and mutual funds. Clients are hereby advised that all fees paid to Advisor for investment advisory services are separate and distinct from the fees and expenses charged by ETF's, hedge funds and mutual funds (described in each fund prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Client may incur and Advisor does not share in any portion of the additional brokerage fees/transaction charges or custody fees imposed by the custodian holding the client funds or securities. The client should review all fees charged by money market funds, Advisor and others to fully understand the total amount of fees to be paid by the client.

A client could invest in a mutual fund or ETFs directly without the services of the Advisor. In that case, the client would not receive the services provided by Advisor which are designed, among other things, to assist the client in determining which mutual funds or ETFs are most appropriate to the client's financial condition, goals and objectives. Accordingly, the clients should review both the fees charged by mutual funds or ETFs and the fees charged by Advisor to fully understand the total amount of fees to be paid by the clients and to thereby evaluate the advisory services that are provided. Further information regarding brokerage can be found in Item 12.

### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Adviser does not presently charge performance based fees for investment management.

### **TYPES OF CLIENTS**

D+T provides investment advice to individuals, pension and profits sharing plans, trusts, estates or charitable organizations, corporations and clients of introducing financial consultants, institutions or broker-dealers ("Sponsors"). In accounts introduced to D+T by a Sponsor, the client enters into agreements directly with both D+T and the Sponsor, or enters into an agreement solely with Sponsor or another entity that has an agreement with the Sponsor.

D+T currently has no contractual minimum investment size for Clients who enter into direct agreement with D+T. The firm has established minimum investment size of \$100,000 for equities and \$250,000 for fixed income with certain third party institutions who elect D+T as a sub adviser.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

D+T employs an active management style that seeks to provide clients with attractive risk-adjusted returns while balancing principal growth with income requirements in various market environments. The firm strives for low volatility and consistent returns by stressing diversification and finding the optimal mix of asset classes for a client's risk profile and return objectives. The firm recognizes the balance between income and growth is different for every client. Accordingly, the firm offers a number of different investment strategies to correlate with an investor's tolerance for risk and investment objectives.

The firm may employ subadvisers to help clients obtain asset class diversification and to meet investment objectives. The firm's affiliate, DT Investment Partners, LLC, is frequently employed for this purpose via a subadvisory agreement between both parties.

D+T utilizes fundamental and technical analysis to tactically shift between asset classes to capture the benefits from both fundamental valuation changes and price momentum. The main sources of information used by the Advisor are financial magazines and newspapers, internet articles and news reports, research material prepared by others, corporate rating services, annual reports and filings with the Securities and Exchange Commission, as well as timing services and company press

releases. D+T may employ consultants to assist its evaluation of investment management firms.

The company may invest in equities (foreign and domestic, exchange listed or over-the-counter), warrants, commercial paper, certificates of deposit, exchange traded funds ("ETFs"), real estate investment trusts ("REITS") mutual fund shares and a variety of fixed income securities including US Treasuries, agencies, mortgage backed securities, corporate debt and municipal debt.

Implementation of investment strategies may include long term purchases, short term (less than a year) purchases and trading securities (sold within 30 days). Trading activity is driven by the firm's regular review of proprietary asset allocation models and "buy/sell" signals associated with performance of various asset classes as a result of fundamental and technical analysis. More frequent trading could result in a client incurring additional brokerage commissions or fees that may reduce net investment performance.

After reviewing a client's investment objectives and tolerance for risk, clients execute an Investment Policy Statement that selects one of the following investment strategies:

1. *Ultra Conservative Growth and Income*: Seeks high current income with very modest growth of capital. While income and capital preservation are the primary focus, the portfolio will seek to provide growth of capital (excluding current income) equal to inflation, as measured by the Core Consumer Price Index – "CPI". This portfolio will generally have a high weighting to cash and traditional fixed income and a low weighting to equity related strategies. The Ultra Conservative investment objective is equivalent to an ultra low risk profile.
2. *Conservative Growth and Income*: Seeks high current income with modest growth of capital. While income and capital preservation are the primary focus, the portfolio will seek to provide growth of capital (excluding current income) equal to inflation ("CPI"). This portfolio will generally have a high weighting to cash and traditional fixed income and a lower weighting to equity related strategies. The Conservative investment objective is equivalent to a low risk profile.
3. *Moderate Growth and Income*: Seeks growth of capital as well as current income. The portfolio will invest across diversified strategies specializing in fixed income, equity, real assets, and private investments with relatively equal weightings between equity and fixed income related strategies. The Moderate investment objective is equivalent to a balanced, medium risk profile.
4. *Aggressive Growth*: Seeks maximum growth of capital. This portfolio will generally utilize a high weighting to equity-related strategies and a low weighting to fixed income related strategies. The Aggressive investment objective is equivalent to a high risk profile.

5. *Fixed Income Only*: Seeks to preserve principal value, maintain adequate liquidity to meet client demands, and maximize total return. This portfolio will generally utilize investment grade cash and fixed income securities such as US Treasuries, agencies, municipal bonds, agency mortgage-backed securities and corporate debt. The Fixed Income Only investment objective is equivalent to a very low risk profile.

There are a number of risks associated with the various strategies offered by the Advisor. Generally, clients are subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and falling prices. Such risk may vary based on the percentage of stocks owned in a given strategy.

Bonds are subject to interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary based on the percentage of bonds owned in a given strategy. In addition, long-term bonds have a higher interest rate risk and are much more sensitive to interest rate changes than are the prices of short-term bonds. Bonds are also subject to credit risk, the chance that a bond issuer will fail to pay interest and principal in a timely manner or, that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Finally, some bonds may be subject to call risk. This is the chance that in a declining interest rate environment the issuer of a bond will repay or call securities with higher coupons before their maturity dates.

In addition, investments in specific asset classes entail different investment risks. For example, small cap stocks tend to be more volatile than large or mid-cap stocks. International stocks and emerging markets include risks due to currency fluctuations, foreign taxes, political instability and possibility of illiquid markets. Real estate investing includes risks such as declines in the value of real estate, changing economic conditions, tax laws or property taxes. Commodities' investing is also highly volatile and subject to changing economic conditions and the vagaries of speculators among other risks. Market Neutral and Long/Short strategies entail potential liquidity risks and frequently higher fees.

Finally, the strategic or tactical asset allocations employed by the Advisor do not assure profit or protect against loss in declining markets.

## **DISCIPLINARY INFORMATION**

Daniels+Tansey, LLP nor any of its partners, officers or employees has been involved in any legal or disciplinary action with any federal or state statutory or regulatory agency. Likewise, neither the firm nor its partners, officer or employees have ever been subject to disciplinary action by self-regulatory organizations.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Daniels+Tansey, LLP has an executed management agreement with the public accounting firm of Ann Taylor Tansey & Company, P.A. The terms of the agreement result in Daniels+Tansey, LLP receiving substantially all of the revenues of Ann Taylor Tansey & Co., P.A.

Susan P. Benson and Adele P. McIntosh, partners of D+T, are certified public accountants and actively engaged in the business of accounting services which they provide to clients. As a result of this CPA practice, Mrs. Benson and Mrs. McIntosh may sell products or services which are non-investment advice/services to clients.

Daniels+Tansey, LLP has an executed management agreement with Daniels & Daniels, Inc., an insurance brokerage. The terms of the agreement result in Daniels+Tansey, LLP receiving substantially all of the revenues of Daniels & Daniels, Inc.

As licensed insurance agents, Christopher "Kit" Daniels and DeVon W. Daniels may recommend to advisory clients a variety of insurance products, and they may offer commissionable (non-variable) insurance products to Advisor's clients for which Mr. and Mrs. Daniels may receive compensation.

DeVon Daniels and Christopher Daniels are members of DT Investment Partners, LLC. ("DTIP"). As an affiliate of Daniels+Tansey, LLP, DTIP is frequently employed as a subadviser to help Daniels+Tansey, LLP clients obtain asset class diversification and to meet investment objectives. A portion of a client's investment management fee payable to D+T is remitted to DTIP for their services.



## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Advisor's employees may buy or sell for themselves securities that they also recommend to clients. This can create an inherent conflict of interest. D+T has addressed this potential conflict in its Code of Ethics. The Code of Ethics defines certain policies adopted by the Advisor that relate to personal trading and business practices of employees to ensure that the Advisor resolves any such conflicts in favor of Clients.

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

D+T has adopted a Code of Ethics based on the principle that all Advisory representatives and certain other persons of D+T have a fiduciary duty to place the interest of the client ahead of their own and D+T's. This Code of Ethics applies to all "access persons". "Access persons" are all employees, directors, officers, partners or members of D+T who:

- Have access to nonpublic information regarding advisory clients' purchases or sales of securities.
- Are involved in making securities recommendations to advisory clients.
- Have access to nonpublic recommendations or portfolio holdings of clients.

Access persons must avoid activities, interests, and relationships that might interfere with making decisions in the best interests of D+T's advisory clients. D+T has established the following restrictions in order to ensure its fiduciary responsibilities:

- D+T emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account. D+T's standard investment process begins with reviewing applicable state statutes, investment policy, and permitted investment language provided by the client.
- Access 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.
- D+T and its access persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance by the Firm's Compliance Officer. Moreover, if the security is a thinly traded security (with average daily volume below 100,000 shares per day) investment personnel may be subject to a blackout period from trading in such securities.

- D+T or individuals associated with the Firm may buy or sell for their personal accounts investment products identical to those recommended to clients. It is the expressed policy of D+T that no person employed by the Firm may enter an order to purchase or sell any security prior to a transaction being implemented for an advisory account (in accordance with standard “front running” guidelines), and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. Further, employees may sign investment management agreements with the Company and elect similar investment strategies as those available to clients. When effectuating transactions for various investment strategies, D+T ensures that no employee accounts receive executions on a basis more favorable than the executions for Clients.
- D+T and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Compliance Officer.
- The Firm 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 the Firm, access persons of the Firm, and related entities. Mr. Daniels will review these records on a regular basis.
- Any individual not in observance of the above may be subject to termination.

In addition, D+T maintains additional policies with respect to confidentiality, receipt of gifts by employees and prohibitions regarding solicitation of gifts as part of this Code of Ethics in order to ensure the fiduciary duty of placing client's interests ahead of D+T's or its employees. A copy of D+T's Code of Ethics policy is available to clients upon request.

## **BROKERAGE PRACTICES**

### ***INVESTMENT OR BROKERAGE DISCRETION***

Pursuant to and subject to limitations of the agreements under which D+T provides investment management services, D+T generally has authority to determine, without obtaining specific client consent, the securities to be bought and sold for client accounts, including the amounts of such securities, price at which to transact and to negotiate transaction costs. Such authority may be subject to client directions relating to trade executions.

### ***SUGGESTION OF BROKERS TO CLIENTS***

D+T is given trading authorization by its clients to purchase or sell certain types of securities, within specified limitations, as agree upon from time to time with its clients. The broker-dealer to be used may or may not be specified by the client. Where the broker-dealer is the custodian, D+T may or may not execute a trade away from the broker. D+T will suggest broker-dealers and/or custodians to clients who request such recommendations. Clients have the final choice as to a selection. In selecting or recommending broker-dealers, D+T does not consider client referrals received from broker-dealers.

It is D+T's policy to seek best execution when executing transactions on behalf of clients. Best execution consists of obtaining the most favorable result, considering the full range of services provided, under the prevailing market conditions. Best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time through multiple transactions. In selecting a specific broker/dealer to execute a transaction, D+T may consider any one or more of the following factors, based on the specific circumstances of the transaction: size of the order, price of the security, execution difficulty, liquidity of the security, market and exchange conditions, macro economic conditions, current news events, order flow information, speed of execution desired, broker willingness to commit capital and minimize trading costs associated with implementing an investment decision and commission cost.

When D+T decides to purchase or sell the same security for multiple clients, D+T may, consistent with its obligation to seek best execution, aggregate client orders in an effort to achieve a timely, equitable or efficient execution. D+T has adopted trade rotation policies designed to ensure that trade orders for the purchase or sale of securities are communicated in a manner and sequence that is fair and equitable for all clients. The process generally includes the use by the investment team of a trade rotation list that determines the sequence in which trade orders are communicated to broker-dealers.

From time to time, clients may instruct D+T to direct brokerage to particular broker-dealers. In such circumstances, D+T will seek to achieve best execution of securities trades; however, there is no guarantee that best execution can be achieved under such circumstances. As such, these clients may pay higher commission costs, transactions costs or other fees than other D+T clients who have not given such an instruction.

Firms may charge commissions (ticket charges) for executing Advisor's transactions. With respect to investment advisory accounts, Advisor does not receive any part of

these separate charges and transaction costs are not absorbed by Advisor, as described earlier. Generally, in addition to a broker's ability to provide "best execution", we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars". Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

Advisor also participates in the institutional customer program offered by TD AMERITRADE Institutional. TD AMERITRADE Institutional is a division of TD AMERITRADE Inc., member FINRA/SIPC ("TD AMERITRADE"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from TD AMERITRADE through its participation in the program.

### **SOFT DOLLARS**

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described previously, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services

and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transaction may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

Research and Brokerage Products and Services: "Research" products and services we may receive from broker-dealers may include economic surveys, data and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g. computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

Other Uses and Products: The firm may use some products or services not only as "research" and as brokerage (i.e. to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients', in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

Mutual Fund Transactions. Although shares of no-load mutual funds can be purchased and redeemed without payment of transaction fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain "research". This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

Amount and Manner of Payment. A broker-dealer through which the firm wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar "credits". We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer who provided such products and services.

In the past fiscal year D+T utilized soft dollars to pay for Bloomberg Professional Services ("Bloomberg"). Bloomberg provides real-time and historical pricing of securities, research, estimates, analytics, economic and performance management tools among other things that assist in the investment processes of D+T. Advisor utilizes Bloomberg Professional Services in a manner that likely benefits all clients accounts, rather than just those accounts that helped create the soft dollars credits.

## **REVIEW OF ACCOUNTS**

Christopher Daniels and DeVon Daniels, assisted by John Blair, Director of Client Relations for DTIP, review all accounts internally at least on a quarterly basis. More frequent reviews may occur due to the client's individual circumstances, economic conditions, or general factors affecting the financial markets. The Advisor attempts to schedule meetings with clients at least on an annual basis or more frequently if desired by the client or if circumstances warrant. In addition, investment professionals from DTIP are also available for review of accounts managed by DTIP

D+T provides to each client a quarterly report, in addition to reports received from the custodian, showing among other things, securities held, transactions in the account in the past quarter, security cost, security market value and performance returns as well as advisory fees paid to Daniels+Tansey, LLP. Such reports are generally accompanied by a

performance analysis and quarterly client letter/commentary. Clients who are advised through a wrap program may receive periodic reports from the Program Sponsor instead of directly from Daniels+Tansey, LLP.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

As disclosed under "Brokerage Practices", Advisor participates in TD AMERITRADE's Institutional customer program and Advisor may recommend TD AMERITRADE to clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services provided without cost or at a discount: duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by Advisor or its personnel and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) to attend conferences or meetings relating to the program or to TD AMERITRADE's advisor custody and brokerage services generally. Some of the products and services made available by TD AMERITRADE through the program may benefit Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Advisor's choice or recommendation of TD AMERITRADE for custody and brokerage services.

### ***USE OF UNAFFILIATED SOLICITORS***

The Adviser may pay referral fees (non-commission) to independent solicitors (non-registered representatives) for the referral of their Clients to the Adviser in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Adviser's solicitation fees will not result in higher costs to the client. In this regard, the Adviser maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to the Adviser will be given full written disclosure describing the terms and fee arrangements between the Adviser and its Solicitor(s).

### **CUSTODY**

Rule 206 (4) – 2 of the Investment Advisers Act of 1940 addresses custody of funds or securities of clients by investment advisers. Consistent with the rule, D+T requires that clients' funds or securities must be retained with a "qualified custodian" who provides at least quarterly statements, either printed or electronically, to clients. In addition, D+T assumes responsibility for ensuring that it has a reasonable belief that such statements have been delivered.

In addition to statements provided by the custodian, D+T provides quarterly statements and commentary to clients. Clients also receive a legend on their statements from D+T that encourage them to compare the information provided with the information provided in statements received from the qualified custodian. In the event of discrepancies or questions, the client is urged to contact the Adviser.

D+T directly debits client accounts to collect fees. While this constitutes "custody" as defined in the Investment Advisers Act, advisers like D+T who have custody for this reason only are exempt from some additional requirements imposed on advisers who take physical custody of cash or securities from clients. Accordingly, D+T exercises care and has enacted policies to avoid taking receipt inadvertently of client funds or securities. Generally, D+T will return cash or securities to client within three business days with instructions for the client to remit to the qualified custodian.



### **INVESTMENT DISCRETION**

Daniels + Tansey, LLP manages accounts primarily on a discretionary basis with full authority to make purchase and sale decision for client accounts. At a client's request, D+T may also enter into non-discretionary agreements that require client consultation/approval prior to enacting purchase or sale of securities for the account. D+T's Investment Policy Statements also allow the clients to enumerate any specific exclusions, restrictions or special considerations in managing either discretionary or non-discretionary accounts.

### **VOTING CLIENT SECURITIES**

Daniels+Tansey, LLP does not vote proxies. Clients receive proxies and other solicitations directly from their qualified custodian.

### **FINANCIAL INFORMATION**

D+T does not require or solicit prepayment of client fees six months or more in advance.

D+T believes that its financial condition is sound and not likely to impair the Adviser's ability to meet contractual commitments to clients.