

# **Dividend Assets Capital, LLC**

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## **Form ADV Part 2A Investment Adviser Brochure**

**February 2012**

This brochure provides information about the qualifications and business practices of Dividend Assets Capital, LLC. If you have any questions about the contents of this brochure, please contact Anthony J. Ghoston, Chief Operating Officer and Chief Compliance Officer, at 843.645.9700 or toll free at 866.348.4769 and/or aghoston@DACapitalSC.com. 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.

Additional information about Dividend Assets Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Summary of Material Changes**

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### **Annual Update**

This Item of the brochure is updated if material changes have occurred during the course of Dividend Assets Capital, LLC's (DACAC) fiscal year; or with DAC's Annual Updating Amendment (ADV).

### **Material Changes since the Last Update**

Since the last ADV filing, the following material changes have occurred:

- Dividend Growth Advisors, LLC officially changed its corporate name to Dividend Assets Capital, LLC ("DAC"). No ownership or material personnel or business changes have occurred within DAC and the name change was made due to the contractual requirements of an agreement between Goldman Sachs Asset Management, L.P ("GSAM") and DAC whereby GSAM purchased the mutual fund business of DAC, including the investment advisory relationship with Rising Dividend Growth Fund as described below.
- The Rising Dividend Growth Fund ("ICRDX, ICR") previously managed by Dividend Growth Advisors, LLC, was sold to an investment firm, GSAM. DAC remains as sub-adviser to that fund.

In the future, we will ensure that you receive a summary of any material changes to our brochure within 120 days of your fiscal year end. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of our last annual update of our brochure.

### **Full Brochure Available**

We will further 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 Anthony J. Ghoston, Chief Operating Officer and Chief Compliance Officer, at 843.645.9700, toll free at 866.348.4769, or [aghoston@DACapitalSC.com](mailto:aghoston@DACapitalSC.com).

Additional information about DAC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with DAC who are registered, or are required to be registered, as investment adviser representatives of DAC.

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## **Item 4: Advisory Business**

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### **Firm Description**

Dividend Growth Advisors, LLC (“DAC” or “the Firm”) is an investment adviser providing advice to investment companies, individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

DAC was founded in 2003.

### **Principal Owners**

DAC is owned by several individuals of the management team. DAC’s owners include Thomas W. L. Cameron, C. Troy Shaver, Jr., Jere E. Estes, Edward J. Obuchowski, Einar S. Trosdal III, Anthony J. Ghoston, and William B. Allin.

### **Types of Advisory Services and Investments**

DAC offers portfolio management services to individuals, investment companies and businesses or institutional clients through Separate Accounts, Sub-Advisory Services and Wrap Fee Programs.

DAC manages client accounts with a focus on a three dimensional approach to investing: First and foremost, all of the companies that we consider investing in must be moving in a positive (upward) direction, thereby gaining value. DAC is not in it for the short-term. For a company to be considered, it must have moved in a positive direction for at least a full decade. In addition to long-term positive growth, a company must also generate increasing dividends for its shareholders. It must do this for the entire period of time that it gains value. Long-term performance, increasing value and income generation is part of the three dimensional approach to wealth management that DAC utilizes with its clients. DAC also focuses on energy-related master limited partnerships (MLPs), which are used to fulfill a similar function that bonds often perform for portfolios. MLPs offer tax-advantaged current yields to most investors because of their partnership structure. Portfolios may include bonds, closed-end municipal bond funds, and other investment products based on the individual needs of the client.

### **Portfolio Management Services – Separate Accounts**

DAC provides continuous advice to clients regarding investment of client funds based on the individual needs of the client. Beginning with personal discussions in which each client’s goals and objectives are established, DAC develops a client’s personal investment profile, then creates and manages a portfolio based on that profile. DAC will manage advisory accounts on a discretionary or non-discretionary basis.

Account supervision is guided by the stated objectives of the client (e.g. maximum capital appreciation, growth, income, or growth and income). Clients will retain individual ownership of all securities.

### **Portfolio Management Services – Goldman Sachs**

Effective February 27, 2012, DAC sold its mutual fund business (the “Transaction”), including its relationship with the Rising Dividend Growth Fund (the “Fund”), to Goldman Sachs Asset Management, L.P., and, in connection with that transaction, became sub-advisor to Goldman Sachs

Rising Dividend Growth Fund (the registered investment company that acquired the assets of the Fund as part of the Transaction).

### **Sub-Advisory Services**

A Sub-Advisory relationship occurs when DAC contracts with another independent registered investment advisor (IRIA) to provide discretionary portfolio management services on a continuous basis to advisory clients of the IRIA. DAC may provide portfolio management services to IRIAs providing investment management services to separately managed accounts and/or investment companies.

DAC provides sub-advisory services to client portfolios consistent with the client's stated goals, objectives and risk tolerance.

### **Wrap Fee Programs**

DAC acts as a portfolio manager for several wrap fee programs in which the client pays one fee for all services associated with the management and execution of their account. There are several differences between how DAC manages wrap fee accounts versus other accounts. One of the primary differences is that the trading of a wrap fee account is typically directed to the sponsor (or an affiliate of the sponsor) of the wrap program. DAC also may not, depending on the structure of the wrap program, have primary responsibility for maintaining on-going relations with the clients within the wrap program. DAC receives a portion of the total wrap fee for its portfolio management services.

### **Tailored Relationships**

DAC tailors investment advisory services for separate accounts to the individual needs of the client. The goals and objectives for each client are documented in the client relationship management system. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

### **Client Assets**

As of December 31, 2011, DAC manages approximately \$790.8 million in assets; \$ 786.4 million is managed on a discretionary basis, and \$4.4 million is managed on a non-discretionary basis.

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

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### **Compensation**

DAC bases its fees on a percentage of assets under management and fixed fees. DAC's fee schedules are described below.

#### **Compensation – Separate Accounts**

The annual fee for portfolio management services will be charged quarterly or monthly as a percentage of assets under management, according to the following schedule:

##### **A. Equity Portfolios**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee (%)</u></b>
First \$2 million	0.80%
Next \$3 million	0.70%
Next \$5 million	0.60%

Over \$10 million 0.50%

#### B. Municipal Bond Portfolios

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
First \$500,000	0.40%
Next \$1.5 million	0.25%
Over \$2 million	Negotiable; \$1,200 minimum annual fee

#### C. Corporate/Government Bond Portfolios

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
First \$500,000	0.40%
Next \$1 million	0.30%
Next \$2.5 million	0.20%
Over \$4 million	Negotiable; \$1,500 minimum annual fee

A minimum of \$250,000 of assets under management is required for these services. Account size and annual management fee may be negotiable under certain circumstances. DAC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Clients will be invoiced in arrears, unless otherwise agreed to and noted on the Client Advisory Agreement, at the end of each calendar quarter or month based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter or month.

Clients of DAC referred by a solicitor may pay fees that are greater than those shown above.

#### **Compensation – Goldman Sachs**

Effective February 27, 2012, DAC sold its mutual fund business, including its relationship with the Fund, to GSAM, and, in connection with that transaction, DAC became Goldman Sachs Rising Dividend Growth Fund.

DAC may recommend the Fund, as suitable, to its investment advisory clients. DAC receives an advisory fee of 0.20% for managing the Goldman Sachs Rising Dividend Growth Fund.

#### **Compensation – Sub-Advisory Services**

Sub-Advisory fees are negotiated between DAC and the IRIA. The fees will be set forth in the Sub-Advisory Agreement and DAC will receive a percentage of the fee charged to the end client by the IRIA. DAC will typically receive between 0.25% - 0.75% for its sub-advisory services.

#### **Compensation – Wrap Fee Programs**

DAC's fees, as a portion of Wrap Fee Programs, are negotiated between DAC and the sponsor of the Wrap Fee Program and set forth in the client's Advisory Agreement. DAC receives a percentage of the fee charged to the end client by the IRIA. DAC typically receives fees between 0.40% - 0.50% for its participation in Wrap Fee Programs

#### **Calculation and Payment**

The specific manner in which fees are charged by DAC is established in a client's written agreement with DAC. DAC will generally calculate fees in arrears on a quarterly or monthly basis. Clients may elect to be invoiced directly for fees or to authorize DAC to directly debit fees from client accounts.

Management fees will be prorated for each account opened or closed during the applicable calendar quarter. Closed accounts will be charged advisory fees and additional expenses incurred by DAC in the transfer or final disposition of an advisory account.

Accounts opened or closed during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Agreement Terms**

A client agreement may be terminated at any time, by either party, for any reason upon receipt of written notice.

### **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums and payment terms may be negotiable depending on client's unique situation – such as the size of the aggregated related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

DAC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

All fees paid to DAC 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 the fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of DAC. In that case, the client would not receive the services provided by DAC which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the mutual funds and the fees charged by DAC to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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

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Neither DAC nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

DAC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.



## Item 7: Types of Clients

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### **Types of Clients**

DAC's clients include individuals, high net worth individuals, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

### **Account Minimums**

DAC requires a minimum account of \$250,000 for Separately Managed Portfolio services. This account size may be negotiable under certain circumstances. DAC may group certain related client accounts for the purposes of achieving the minimum account size.

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

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### **Methods of Analysis**

DAC may use a fundamental approach in its security analysis.

**Fundamental Analysis.** DAC attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives and risk tolerances stated by the client during consultations. The client may change these objectives and risk tolerances at any time.

DAC strongly believes that consistent earnings growth drives consistent dividend growth. Earnings provide the ability to pay and grow dividends. Over the long run, consistent earnings have had a positive influence on the price performance of a stock. DAC begins with companies that have well-established records of consistent earnings and dividend growth.

DAC invests in companies using its 3-D Method (see also Item 4). Additionally, DAC invests in companies that 1) are committed to distributing profits to shareholders, 2) produce essential products and services that we need to live (water, food, energy, and healthcare), 3) are industry leaders, 4) have strong brands and growing global exposure, and 5) demonstrate an ability to manage their business with consistent earnings growth in various economic cycles.

DAC also uses energy-related master limited partnerships (MLPs) which may not pass the Firm's 3-D Method, but are used to fulfill a similar function that bonds often perform for portfolios. Because of their partnership structure, MLPs offer tax-advantaged current yields to most investors. Portfolios may include bonds, closed-end municipal bond funds, and other investment products based on the individual needs of the client.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. DAC's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Master Limited Partnerships**

DAC may recommend investments in MLPs to advisory clients. MLPs are Limited Partnerships that trade in the form of partnership units on the securities exchanges much like stocks; are typically structured with a General Partner (GP) providing management and the Limited Partners (LP) contributing the capital; cash distributions may grow when GPs successfully grow business and profits; a portion of the cash distributions received by LP unit holders in a given year is considered return of capital and is tax deferred until the units are sold, since the cost basis is adjusted lower; 90% or more of the partnerships' income must come from specific sources such as oil, gas, petroleum products, coal and other minerals, timber, carbon dioxide, and alternative fuels (ethanol, biodiesel, etc); and partnership assets are related to the production, processing, distribution, and storage of energy and are a necessary part of a modern economy.

These MLPs have the following material risks: high debt to equity ratios and certain tax risks. Also, MLPs involve significant or unusual risks, including ownership controls associated with the limited partnership structure.

### **Other Investments**

DAC reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. DAC may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of DAC or the integrity of DAC's management. Neither DAC nor its principals have been involved in any legal or disciplinary matters and accordingly there is no information to disclose applicable to this Item.

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

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### **Financial Industry Activities – Broker-Dealers**

DAC is not registered as a broker-dealer. Some of its management persons are registered representatives of a broker-dealer, as described below.

### **Financial Industry Activities – Futures and Commodities**

Neither DAC nor any of its management persons is registered as, or associated with, a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Broker-Dealer Registered Representatives**

The principal executive officers and other employees (Investment Adviser Representatives of DAC) may be separately licensed as registered representatives of FINRA-registered broker-dealers. As such, these individuals, in their separate capacities as registered representatives will be able to effect securities transactions for clients, for which they will receive separate, yet customary compensation. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. Advisory services are provided separately and independently of the broker-dealer. Investment Adviser Representatives (IARs) spend less than 10% of their time on registered representative activities.

### **Other Investment Advisors**

DAC does not recommend or select other investment advisors for its clients.

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

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### **Code of Ethics**

All DAC employees must comply with a Code of Ethics and Statement for Insider Trading. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of

interest, insider trading and other forms of prohibited or unethical business conduct. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Anthony J. Ghoston, Chief Operating Officer/Chief Compliance Officer, reviews all employee trades each quarter.

DAC's employees must acknowledge the terms of the Code of Ethics when hired and at least annually thereafter. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of DAC's Code of Ethics by contacting Anthony J. Ghoston at 843.645.9700 or toll free at 866.348.4769 or by email at [aghoston@DACapitalSC.com](mailto:aghoston@DACapitalSC.com).

#### **Participation or Interest in Client Transactions – Personal Securities Transactions**

DAC or individuals associated with DAC may buy or sell securities identical to or different than those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security, which may also be recommended to a client.

DAC has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A member or employee of DAC shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of DAC shall prefer his or her own interest to that of the advisory client.
- 2) DAC maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of DAC.
- 3) DAC emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where DAC is granted discretionary authority of the client's account.
- 4) DAC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

#### **Participation or Interest in Client Transactions – Principal Trades**

DAC will not affect any principal transactions with client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A

principal transaction may also be deemed to have occurred if a security is crossed between an affiliated mutual fund and another client account.

#### **Participation or Interest in Client Transactions – Agency Cross**

DAC may effect agency cross transactions for client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions are priced using an external broker/dealer and clients may be charged a nominal transaction charge, but no commissions. As a result, an agency cross transaction may result in a better price and/or lower transaction (including commission) costs for clients. Cross transactions will comply with the applicable disclosure and consent requirements associated with such transactions under the Investment Advisors Act of 1940.

#### **Participation or Interest in Client Transactions – (None other than as Adviser to Investment Company (Mutual Fund))**

All access persons of DAC are not allowed to transact buying or selling securities held in the mutual fund inside the blackout period of 10 days. All access persons are required to submit a pre-clearance approval to compliance before transacting any securities buys or sell in personal accounts.

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

DAC and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with DAC's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. DAC will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

### **Item 12: Brokerage Practices**

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#### **Research and Other Soft Dollar Benefits**

DAC does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in "Directed Brokerage – Other Economic Benefits".

#### **Brokerage for Client Referrals**

While not common, broker/dealers that DAC selects to execute transactions may from time to time refer clients to DAC. DAC will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and DAC's interest in receiving future referrals.

#### **Directed Brokerage**

Clients may direct DAC to use a particular broker-dealer to execute some or all transactions for the client's account. This brokerage direction must be requested in writing by the client. In such cases, the client will negotiate terms and arrangements for the account with that broker-dealer, and DAC

will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by DAC. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **Separate Accounts**

Generally, DAC clients grant it full discretionary authority over securities purchases and sales in accordance with the investment objective. DAC places all trades through JPMorgan (Neovest), MidAtlantic Capital Group (MACG) or Trade Manage Capital, Inc (TMC). DAC has evaluated Neovest, MACG and TMC, as well as Converex and Knight Trader, and believes that they will provide DAC clients with a blend of execution services, commission costs and professionalism that will assist DAC in obtaining best execution for transactions. While DAC has a reasonable belief that Neovest, MACG and TMC are able to obtain best execution and competitive prices, DAC uses an independent firm to assist with analyzing best execution of these trading brokers and evaluate trade costs within a peer universe. DAC does not independently seek best execution price capability through other broker-dealers.

### **Sub-Advisory Services**

DAC will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help DAC in providing investment management services to clients. DAC may therefore recommend (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may not be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected. Our sub-advisory relationships require that all trades are placed through the advisors' trading broker. In some cases, DAC may be responsible for best execution analysis.

### **Wrap Fee Programs**

As disclosed in Item 4, clients may participate in wrap fee programs. In evaluating a wrap fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected without commissions and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

DAC may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. DAC's experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's account.

## **Brokerage – Other Economic Benefits**

DAC may receive from the custodian(s), at no cost to DAC, professional services, computer software and related systems support, enabling DAC to better monitor client accounts maintained with the custodian(s). DAC may receive this support without cost because of the portfolio management services rendered to clients that maintain assets with the custodian(s). The support provided may benefit DAC, but not its clients directly. In fulfilling its duties to its clients, DAC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that DAC's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence DAC's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by DAC's clients shall comply with DAC's duty to obtain "best execution" where applicable (for example advised, wrap accounts, sub advisory, etc). However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where DAC determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determining factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while DAC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

## **Trade Aggregation**

DAC will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows DAC to execute equity trades in a timelier, more equitable manner and to reduce overall commission charges to clients. Employee trades may be included in client blocks.

DAC may not be able to block trades for client accounts who direct the use of brokers, and therefore a disparity in commission charges may exist between the commissions charged to those clients. Brokers or dealers may from time to time refer clients to DAC. DAC will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and DAC's interest in receiving future referrals. Under such circumstances, clients should be aware of their various brokerage options, including utilizing the services of the referring broker, choosing another broker, or utilizing a firm recommended by DAC to provide custody and execution services.

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

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### **Reviews**

DAC's Investment Committee, Jere E. Estes, Chief Investment Officer and Senior Portfolio Manager; Ying "Susie" Wang, Senior Research Analyst; C. Troy Shaver, Jr., President and Chief Executive Officer; Einar S. Trosdal III, Managing Director Sub-Advisory Relations and Senior Portfolio Manager; William B. Allin, Managing Director Fixed Income; Thomas W. L. Cameron, Chairman; Kimberly T. Olsson, Portfolio Manager; and Edward P. Taylor, Portfolio Manager; which includes DAC's portfolio managers, research analysts, and portfolio administrators, continually monitors and

reviews the universe of securities in which DAC invests and makes recommendations to buy or sell those securities. Those recommendations are then carried out by individual portfolio managers and in accordance with each client's investment objective and risk tolerance. The Committee meets at least twice per week to discuss market trends, research, and other investment and industry conditions.

Individual portfolios are reviewed at least monthly by portfolio managers in context with each client's stated investment objectives and guidelines. Clients are also encouraged to meet with their portfolio managers regularly to review their account(s).

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

### **Reporting**

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer and/or custodian, DAC may provide quarterly reports summarizing account performance, balances and holdings.

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

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### **Brokerage Arrangements**

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals**

DAC does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

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### **Custody – Fee Debiting**

Clients may authorize DAC (in the client advisory agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and DAC. The custodian is advised in writing of the limitation of DAC's access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to DAC.

While DAC will assist clients in establishing and maintaining accounts at the custodian, DAC shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the custodian.

### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that DAC provides. DAC statements may vary from custodial



statements based on accounting procedures, reporting dates, or valuation methods of certain securities.

## **Item 16: Investment Discretion**

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Through the client advisory agreement, DAC may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows DAC to execute trades on behalf of clients.

When such limited powers exist between DAC and the client, DAC has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, DAC may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to DAC in writing.

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

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Upon execution of the client Agreement, the client elects to:

- Assign the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio to DAC, or
- Retain the responsibility for voting all proxies solicited by issuers of securities held in the Portfolio. See disclosures above regarding proxies voted by clients.

When the responsibility to vote proxies has been assigned to DAC, the firm's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). DAC will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's portfolio.

DAC's President and Chief Executive Officer is ultimately responsible for ensuring that all proxies received by DAC are voted in a timely manner and in a manner consistent with DAC's determination of the client's best interests. Although many proxy proposals can be voted in accordance with DAC's established guidelines, DAC recognizes that some proposals require special consideration, which may dictate that DAC use its judgment as to what is in the client's best interest.

Clients may contact DAC at 843.645.9700 or toll free at 866.348.4769 for information about DAC's Proxy policies. Clients may also request information about how DAC voted any proxies on behalf of their account(s).

## **Item 18: Financial Information**

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DAC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

DAC is not required to provide a balance sheet; DAC does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## **Dividend Assets Capital, LLC**

58 Riverwalk Boulevard  
Building 2, Suite A  
Ridgeland, SC 29936  
843.645.9700 or toll free at 866.348.4769  
aghoston@DACapitalSC.com  
www.DACapitalSC.com

### **Form ADV Part 2B Investment Adviser Brochure Supplement**

**Supervisors: Thomas W. L. Cameron and C. Troy Shaver, Jr.**

**Supervised Persons:**

William B. Allin  
Jane T. Cameron  
Jere E. Estes, CFA®  
Anthony J. Ghoston  
Edward J. Obuchowski  
Einar S. Trosdal III  
Edward P. Taylor  
Kimberly T. Olsson  
Ying "Susie" Wang

**February 2012**

This brochure supplement provides information about the Firm's Supervised Persons that supplements Dividend Assets Capital, LLC's brochure. You should have received a copy of that brochure. Please contact Anthony J. Ghoston, Chief Operating Officer and Chief Compliance Officer, at 843.645.9700 or toll free at 866.348.4769 and/or aghoston@DACapitalSC.com if you did not receive Dividend Assets Capital, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Educational Background and Business Experience

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### **Education and Business Background**

Advisory persons associated with DAC must possess, minimally, a college degree and/or appropriate business experience and all required licenses.

### **Supervised Persons**

#### **Thomas W. L. Cameron** **Chairman**

Born 1927

#### Background

- Chairman, Dividend Growth Advisors, 2004-Present
- Chief Investment Officer, Dividend Growth Advisors, 2004-2008
- Chairman, Cameron & Associates, Inc, 2000-2009
- Senior Vice President, IJL/Wachovia, 1986-2000
- Director, Sovereign Investors Mutual Fund, 1992-1998
- Chairman & Chief Investment Officer, Sovereign Investors Mutual Fund, 1979-1991
- Various executive positions including Partner, Chairman & CEO, President, Director, Hopper Soliday, 1953-1986

#### Registered Representative

- Investors Capital Corp., 2004-2008
- ProEquities, Inc., 2000-2004
- Wachovia Securities, Inc., 1988-2000

#### Professional Designations

- Series 63, Uniform Securities Agent State Law
- Series 66, Uniform Combined State Law

#### Boards, Committees, Associations

- Senior Portfolio Manager, Dividend Growth Trust, 2008-2012
- Chief Investment Officer, Dividend Growth Trust, 2004-2008
- Chairman, Philadelphia Stock Exchange, 1970-1974

#### Education / Military Experience

- MBA, Harvard Business School, 1951
- BA, American National Government, *cum laude*, Harvard University, 1949
- United States Navy, World War II

#### **C. Troy Shaver, Jr.**

#### ***President and Chief Executive Officer***

Born 1947

#### Background

- President & CEO, Dividend Growth Advisors, 2003-Present
- Vice Chairman / President & CEO, GoldK, Inc. / GoldK Investment Services, Inc., 2000-2004
- President, State Street Research Investment Services Inc., 1996-2000
- President & CEO, John Hancock Funds, Inc., 1991-1996
- Various Executive positions including Executive Vice President & Director, Chairman President & Principal Executive, and National Sales Manager, Oppenheimer

- Management Corp / Centennial Capital Corp / Oppenheimer Fund Management, 1986-1991
- Vice President, Manager of Mutual Funds, Moseley Hallgarten Estabrook & Weeden, Inc., 1983-1985
- New England Regional Coordinator – Financial Services, AG Edwards & Sons, Inc., 1982-1983
- Vice President, Burbank & Company, Inc., 1973-1981

#### Registered Representative

- GoldK Investment Services, Inc., 2000-2004
- State Street Research Investment Services, Inc., 1996-2000
- John Hancock Funds, Inc., 1991-1996
- Champion Asset Management Corp., 1987-1991
- Moseley, Hallgarten, Estabrook & Weeden, Inc., 1983-1986
- Burbank & Co., Inc., 1973-1982

#### Professional Designations

- Series 1, Registered Representative
- Series 4, Registered Options Principal
- Series 5, Interest Rate Options
- Series 27, Financial and Operations Principal
- Series 40, Registered Principal
- Series 53, Municipal Securities Principal
- Series 63, Uniform Securities Agent State Law
- Series 65, Uniform Investment Advisor Law

#### Boards, Committees, Associations

- President, Interested Trustee, Dividend Growth Trust, 2005-2012
- Chairman, Spring Island Trust, 2006-2010

#### Education

- BA, Geology, Dartmouth College, 1969

### **Jere E. Estes, CFA®**

#### ***Chief Investment Officer, Senior Portfolio Manager***

Born 1942

#### Background

- Chief Investment Officer, Director of Research & Senior Portfolio Manager, Dividend Growth Advisors, 2004-Present
- Chief Investment Officer & Senior Vice President, The Bryn Mawr Trust Company/Bryn Mawr Asset Management, Inc., 1999-2004
- Associate Portfolio Manager of the Sovereign Investors Fund, Sovereign Achievers Fund and Sovereign Balanced Fund, John Hancock Funds, Inc., 1992-1999
- Chief Investment Officer & Senior Vice President, The Bryn Mawr Trust Company, 1988-1992
- Unit Manager-Personal Trust Department, First Pennsylvania Bank, 1981-1988
- Analyst, Hopper Soliday, 1978-1981
- Unit Manager-Trust Investment Department, First Pennsylvania Bank, 1972-1978
- Junior Analyst, First Pennsylvania Bank, 1967-1968

#### Registered Representative

- Investors Capital Corp., 2004
- UVest Investment Services, 2000-2004
- John Hancock Funds, Inc., 1997-1999

- Signator Investors, Inc, 1993-2000

#### Professional Designations

- Chartered Financial Analyst (CFA), 1979
- Series 7, General Securities Representative
- Series 63, Uniform Securities Agent State Law
- Series 65, Uniform Investment Adviser State Law

#### Boards, Committees, Associations

- Chief Investment Officer, Dividend Growth Trust, 2008-2012
- Assistant Treasurer, Dividend Growth Trust, 2004-Present

#### Education / Military Experience

- MBA, Drexel University, 1967
- BA, Economics, Gettysburg College, 1965
- United States Navy, 1968-1972

### **Edward J. Obuchowski**

#### ***Chief Financial Officer***

Born 1945

#### Background

- Chief Financial Officer, Dividend Growth Advisors, 2006-Present
- Chief Operating Officer, Dividend Growth Advisors, 2006-2010
- Board of Directors, Computer Horizons Corp., 2004-2005
- Senior Vice President & Chief Information Officer, Alliant Exchange Corp., 2000-2002
- Senior Vice President of Advanced Distribution Network, Alliant Foodservice, 1999-2000
- Vice President of Internal Audits, Compaq Computer Corp., 1998-1999
- Director of Financial Planning and Reporting, Compaq Computer Corp., 1997-1998
- Controller, AT&T-Consumer Communications Services, 1992-1997
- Director, AT&T-Billing Operations, 1990-1992
- Various Management Positions, AT&T-Finance and Operations, 1981-1990
- Department Chief-Plant Operations, Nassau Recycle Corp., 1979-1981
- Various Financial Positions, AT&T Subsidiaries, 1969-1979

#### Boards, Committees, Associations

- Treasurer and Principal Accounting Officer, Dividend Growth Trust, 2008-2012
- Member, Institute of Internal Auditors, 1998-Present

#### Education

- MBA, Fairleigh Dickinson University, 1973
- BS, Business Education, Montclair State College, 1969

### **Anthony J. Ghoston**

#### ***Chief Operating Officer & Chief Compliance Officer***

Born 1959

#### Background

- Chief Operating Officer & Chief Compliance Officer, Dividend Growth Advisors, 2010-Present
- President and Chief Executive Officer, Unified Fund Services, Inc., 2005-2010
- Executive Vice President-Operations, Unified Fund Services, Inc., 2002-2004
- Chief Technology Officer, Unified Fund Services, Inc., 1989-2001
- CEO, Huntington Mutual Fund Trust, 2009-2010
- President & CEO of Trust, Unified Series Trust, Ameriprise Advisor Trust, Valued Advisor Trust, 2005-2010

- IT Manager, Walker Research, 1984-1989
- Computer Operations, Merchants Bank, 1978-1984

**Boards, Committees, Associations**

- Operations Committee, Investment Company Institute, 2005-Present
- Technology Committee, Investment Company Institute, 2005-Present

**Education**

- Tulane University, Executive MBA, 2005

**Jane Cameron**

***Managing Director Strategic Sourcing & Human Resources***

**Born** 1936

**Background**

- Managing Director Strategic Sourcing and Human Resources, Dividend Growth Advisors, 2006-Present
- Chief Compliance Officer, Dividend Growth Trust, 2008-2012
- Director-Strategic Sourcing/Human Resources, Fidelity Investments, 1996-2006
- Purchasing Manager-Non-Product Purchasing, Polaroid Corp., 1993-1995
- Various Management Positions, Polaroid Corp., 1975-1993

**Professional Designations**

- Certified Purchasing Manager

**Board, Committees, Associations**

- Member, Purchasing Management Association of Boston
- Member, Institute of Supply Management
- Member, Employee Relations Counsel

**Education**

- BA, Government, Middlebury College, 1957

**William B. Allin**

***Managing Director Fixed Income***

**Born** 1947

**Background**

- Managing Director Fixed Income, Dividend Growth Advisors, 2005-Present
- President, Allin Consulting, 2001-2004
- President & Founder, Greenwood Capital Associates, Inc., 1983-2000
- Director of Investments, Greenwood Mills, 1981-1982
- Senior Trust Officer, Southeast Banks Trust Company, 1976-1980
- Trust Officer, Long Island Trust, 1973-1976
- Trust Administrator, Bank of New York, 1970-1973

**Boards, Committees, Associations**

- Secretary, Dividend Growth Trust, 2005-2009
- Board of Directors, Countybank, 1991-2002

**Education**

- MBA, Economics and Finance, Pace University, 1976
- BA, Economics, Ohio Wesleyan University, 1969

**Einar S. Trosdal III*****Managing Director Sub-Advisory Relations & Senior Portfolio Manager***

Born 1942

Background

- Managing Director Sub-Advisory Relations & Senior Portfolio Manager, Dividend Growth Advisors, 2004-Present
- Independent Financial Advisor, Investors Capital Corp., 2002-2003
- Vice President & Financial Advisor, Wachovia Securities, 1996-2002
- Consultant, The Trosdal Co./Turner Construction, 1992-1995
- Vice President-Special Projects & Financial Advisor, Interstate/Johnson Lane, 1983 - 1991
- Chief Financial Officer, Strachan Shipping Co., 1979-1982
- Vice President, Strachan Shipping Co., 1966-1978

Registered Representative

- Winslow, Evans & Crocker, Inc., 2008-Present
- Investors Capital Corp., 2004-2008
- ProEquities, Inc., 2003-2004
- Wachovia Securities, Inc., 1996-2003

Professional Designations

- Series 7, General Securities Representative
- Series 63, Uniform Securities Agent State Law
- Series 65, Uniform Investment Adviser State Law

Education

- BA, Economics, University of Georgia, 1963

**Edward P. Taylor*****Portfolio Manager***

Born 1983

Background

- Portfolio Manager, Intern, Dividend Growth Advisors, LLC, 2011 - Present
- Student Research Assistant, Clemson University Small Business Development Center, 2011
- Crop Manager, Seasonal Agricultural Staff, Seaside Farm, Inc., 1996 – 2010

Boards, Committees, Associations

- MBA Student Association, 2010 - 2011
- Kappa Alpha Order Fraternity, 2002 - 2011

Education

- MBA, Clemson University, 2011
- BS Agriculture and Applied Economics, Clemson University, 2006

**Kimberly T. Olsson*****Portfolio Manager***

Born 1962

Background

- Dividend Growth Advisors, LLC, Portfolio Manager, 2011 - Present
- Island Residential Construction, Marketing Director, 2007 – 2010
- Nest, Sole Proprietor, 1994 – 2004
- Broadway & Seymour, Industry Advisor, 1990 – 2004
- Reiser-Builder Investments, Trader & Portfolio Assistant, 1986 – 1990

- Bank South, Trader, 1984 – 1986

Boards, Committees, Associations

- Beaufort Academy , School Life Committee Member, 2009 - Present

Education

- BS Political Science, University of Richmond, 1984

**Ying “Susie” Wang**

***Senior Research Analyst***

Born 1983

Background

- Dividend Growth Advisors, LLC, Senior Research Analyst, Research Analyst, Intern, 2007 – Present
- The Setai. Management Trainee – GHM Group, 2005 – 2006
- JW Marriott Hotel, Event Coordinator, 2005
- ZhongFa Real Estate, LLC, Finance Manager, 2005

Boards, Committees, Associations

- Chartered Financial Institute, Level III Candidate, Present

Education

- MBA, Georgia Southern University, 2008
- BBA, Swiss Management University, Monteux, Switzerland, 2005

Other

- Fluent - Chinese and English
- Conversational - French

**Professional Certifications**

Certain DAC supervised persons maintain professional designations, which required the following minimum requirements:

**CFA - Chartered Financial Analyst**

**Issued by:** CFA Institute

**Prerequisites/Experience Required:** Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

**Educational Requirements:** Self-study program (250 hours of study for each of the 3 levels)

**Examination Type:** 3 course exams

**Continuing Education/Experience Requirements:** None



## Disciplinary Information

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Neither DAC nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

## Other Business Activities

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above. These Outside Business Activities do not create a material conflict of interest with clients.

In addition, several employees Einar S. Troisdal III, C. Troy Shaver, Jr. of DAC solicit sub-advisory business from FINRA registered broker-dealers and investment companies. These employees receive on-going servicing compensation for sub-advisory relationships for which they are responsible.

Einar S. Troisdal III is a Registered Representative with Winslow, Evans & Crocker, a FINRA-registered broker/dealer. He spends less than 10% of his time on this activity.

## Additional Compensation

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DAC awards additional sales compensation to certain employees for providing advisory services on new and existing accounts.

## Supervision

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Thomas W. L. Cameron, Chairman, and C. Troy Shaver, Jr., President and Chief Executive Officer, supervise all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Thomas W. L. Cameron and C. Troy Shaver, Jr. supervise these persons by holding regular staff, investment and other ad hoc meetings. In addition, C. Troy Shaver, Jr. regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. C. Troy Shaver, Jr. may be reached at 843.645.9700 or toll free at 866.348.4769.

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