



Firm Brochure

Part 2A of Form ADV

December 31, 2013

This brochure provides information about the qualifications and business practices of Darrell & King, LLC. If you have questions about the contents of this brochure, please contact us at (434) 977-7010. 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 Darrell & King, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Darrell & King, LLC (from here referred to as Darrell & King) reports no material changes.

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Item 4 Advisory Business

- A. Darrell & King is an investment manager that manages individual stock and bond portfolios on the behalf of clients, whose assets are held in custody at a third party. The firm has been in business since February 29, 2012. John Stewart Darrell (Jack) is Darrell & King's principal owner.
- B. Darrell & King selects individual stocks and bonds to include in client portfolios. On occasion the firm could also recommend that a given client hold some form of stock or bond exchange-traded fund (ETF) and/or mutual fund.
- C. Darrell & King tailors its recommendations to the needs of clients in terms of deciding on broad asset allocation between stocks and bonds. Clients may impose restrictions on investing in certain types of securities – e.g. tobacco stocks, etc.
- D. Darrell & King does not provide *wrap fee programs*.
- E. As of December 31, 2013, Darrell & King manages \$619,750,752.

Item 5 Fees and Compensation

- A. Darrell & King charges each client a quarterly fee of 0.25% of the amount of their assets being managed that does not exceed \$5,000,000 and 0.125% of the amount of their assets being managed that does exceed \$5,000,000. Under certain circumstances and at certain thresholds, fees may be negotiable.
- B. Darrell & King clients may choose to either have fees deducted from their assets or receive a bill from the firm. Darrell & King either deducts fees or bills clients quarterly.
- C. Darrell & King clients will also incur transaction costs associated with each trade for their accounts. The majority of Darrell & King clients use Charles Schwab (Schwab) as the custodian and broker for their assets. Currently Schwab charges, on average, \$8.95 per trade. If Darrell & King purchases any ETF's or mutual funds on behalf of a client, the client will incur the fees charged by the given investment instrument.
- D. Darrell & King clients must pay quarterly fees in advance. If the client terminates his/her relationship with Darrell & King prior to the end of the quarter, the client may receive a fee refund, paid ratably for the number of days remaining in the quarter.
- E. Neither Darrell & King nor any *supervised persons* accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. (see item 12 for the firm's brokerage practices)

Item 6 Performance-Based Fees and Side-By-Side Management

Darrell & King does not accept *performance-based fees* (see Item 5 for the firm's fee schedule).

Item 7 Types of Clients

Darrell & King manages portfolios for high net worth individuals and families, as well as, corporate retirement plans, trusts, estates and foundations. The minimum initial investment is \$1,000,000.

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

- A. Darrell & King uses a combination of analyses to determine the appropriate securities for clients' portfolios. The firm's analyses focus on the projected economic outlook as well as company specific factors. That data informs the decision regarding a specific investment's return drivers, which include earnings growth, price to earnings multiple expansion and dividends. Once the return drivers are understood, Darrell & King makes a buy or sell decision on an individual investment. Investing in securities involves risk of loss that "clients" should be prepared to bear.
- B. The material risk to Darrell & King's investment strategy, stated in Item 8.A, includes unforeseen macroeconomic or company specific information or event that pushes the value of an individual security or several securities within client portfolios down – potentially to a value of \$0 – before the security(ies) in question can be sold by Darrell & King.
- C. Darrell & King primarily invests clients' portfolios in equities and bonds of publically traded companies or the US government. Darrell & King selects corporate securities from multiple market capitalization and style (e.g. value, growth, etc.) designations.

Item 9 Disciplinary Information

Darrell & King has not been involved in any legal or disciplinary events that are material to a client or prospective client's evaluation of the firm or the integrity of firm management.

Item 10 Other Financial Industry Activities and Affiliations

Darrell & King conducts no other financial industry activities, nor does it maintain any other financial industry affiliations other than the services described in this brochure.

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

- A. Darrell & King's adopted code of ethics is the CFA Institute's Code of Ethics and Standards of Professional Conduct. Darrell & King will provide a copy of this code of ethics to any client or prospective client upon request. It may also be found at the following web address:
www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n14.1
- B. Neither Darrell & King nor related people hold a material interest in any securities which Darrell & King or related people recommend to clients, or buy or sell for client accounts.
- C. Darrell & King employees do, at times, invest in the same securities that the firm buys or sells for clients. To avoid any conflicts of interest, the shares purchased or sold for Darrell & King employees are either part of the same block trade conducted for clients or purchased or sold following completion of trading for those securities on behalf of clients.
- D. Please see the response for Item 11.C.

Item 12 Brokerage Practices

- A. Darrell & King executes all buy and sell orders through the client's custodian of choice. The majority of the firm's clients use Schwab as their custodian.
 - 1) Darrell & King does not receive any research or other soft dollar benefits (products or services in exchange for execution by a broker-dealer) in connection with client securities transactions.
 - 2) Darrell & King does not receive client referrals from any broker-dealer.
 - 3) Darrell & King does not direct brokerage to any broker-dealer besides the client selected custodian.
- B. Darrell & King attempts to aggregate the purchase of client shares across accounts that maintain Schwab as custodian, as well as whenever possible in regards to client accounts outside of Schwab.

Item 13 Review of Accounts

- A. Darrell & King reviews client accounts annually. The nature of the review may be in person or over the phone with the client. All Darrell & King employees could provide or be a participant in this review.
- B. Client life change triggers a client account review other than on a periodic basis.
- C. Darrell & King provides clients written reports on a quarterly basis. These reports include account balances and positions.

Item 14 Client Referrals and Other Compensation

Darrell & King neither receives compensation from any person who is not a client for providing investment advice or other advisory services nor compensates any person who is not a firm supervised person for client referrals.

Item 15 Custody

Darrell & King does not maintain custody of client funds. Darrell & King provides quarterly account updates to its clients (see Item 13.C). Darrell & King urges clients to compare the account statements they receive from the firm with the monthly statements they receive from their qualified custodians.

Item 16 Investment Discretion

Darrell & King accepts discretionary authority to manage securities accounts on behalf of clients. Clients may place any limitations on this authority that they choose. Prior to gaining discretionary authority to manage securities accounts on behalf of clients, the clients in question sign a limited power of attorney.

Item 17 Voting Client Securities

Darrell & King does and will accept authority to vote client securities. Generally, Darrell & King votes with the security issuing company. Clients may direct the firm's voting in a particular solicitation for the shares that client holds in his/her account. This may be done by calling, emailing, or sending a letter of notification to the firm. Clients may also obtain information from Darrell & King regarding how the firm voted their securities. This may be done by calling, emailing, or sending a letter of notification to the firm. Clients may obtain a copy of Darrell & King's proxy voting policies and procedures upon request. Darrell & King's Chief Compliance Officer (COO), Charles G. King, is responsible for monitoring the voting process and ensuring that votes are cast in a manner that are in its clients' best interests.

Item 18 Financial Information

- A. Darrell & King does not require or solicit prepayment of any fees more than three months in advance.
- B. Darrell & King knows no financial condition that is reasonably likely to impair the firm's ability to meet contractual commitments to clients.
- C. Darrell & King has not been the subject of a bankruptcy petition at any time.



Brochure Supplement

For

John Stewart Darrell

Charles G. King

Elizabeth P. Morris

John M. Wells

Part 2B of Form ADV

December 31, 2013

This brochure supplement provides information about John Stewart Darrell, Charles G. King, Elizabeth P. Morris, and John M. Wells that supplements the Darrell & King, LLC brochure. You should have received a copy of that brochure. Please contact Darrell & King, LLC if you did not receive Darrell & King, LLC's brochure or if you have any questions about the contents of this supplement.

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Item 2

Educational Background and Business Experience

John Stewart Darrell, CFA, founded his own investment advisory business in 1975, and has operated his business with Charles G. King since 1986. Before he founded his own business, Jack was a registered representative with Shields, Model Roland and Thomson, McKinnon, Auchincloss in New York. He graduated from St. Paul's School in Brooklandville, Maryland and received his B.A. from the University of Virginia in 1964. He is a CFA charterholder and has served on the CFA Grading Staff. He has been a Director and Secretary of the Albemarle County Industrial Authority, served on the University of Virginia Medical Center Advisory Board, and the Board of St. Anne's Belfield School. Jack was born in 1942.

Charles G. King, CFA, has worked with John Stewart Darrell in their investment advisory business since 1986. From 1973 to 1986, Charlie was a senior portfolio manager and research analyst with Chase Investment Counsel Corp. From 1964 to 1973 he headed a \$450 million Trust & Estate Portfolio Unit and was Director of Research for the Wachovia Bank and Trust Company of Winston-Salem, North Carolina. Charlie's education includes a B.A. (Magna Cum Laude) from Wake Forest University in 1962 and an M.B.A. from the University of North Carolina at Chapel Hill in 1964. He has been a member of the CFA Grading Staff and has taught Investment Analysis and Portfolio Management courses for the McIntire School of Commerce at the University of Virginia. In addition, he has served on the Board of Trustees of Averett College in Danville, Virginia. Charlie was born in 1940.

Elizabeth P. Morris, has worked with John Stewart Darrell and Charles G. King in their investment advisory business since 1993. Prior to 1993, Beth was the administrative assistant to the President of National Research Corporation, where she was responsible for the critical functions of the company's financial management systems. Beth graduated with distinction from the University of Virginia in 2004. With Darrell & King, Beth is primarily responsible for coordinating and executing trades, client reporting, company bookkeeping and office management. Beth was born in 1966.

John M. Wells, CFA, joined Darrell & King Investment Counsel, LLC in 2011. From 2008 to 2010, he was an investment analyst at value oriented hedge fund Defiance Asset Management, LLC, located just outside Philadelphia, PA. At Defiance, John was responsible for analyzing and recommending investments in the US consumer area. From 2006 to 2008, he was an investment analyst at growth oriented hedge fund Cotton Hall Asset Management, LP, in New York, NY. Cotton Hall was globally focused. John started his career at quality of earnings/forensic accounting research firm CFRA, LLC under the tutelage of Howard Schilit. He received his B.S. in Commerce from the University of Virginia in 2001 and is a CFA charterholder. John was born in 1978.

The professional designation, CFA, stands for Chartered Financial Analyst. A CFA charterholder has passed three rigorous exams based on a course of study that includes ethics, quantitative methods, economics, corporate finance, financial reporting and analysis, security analysis, and portfolio management.

Item 3 Disciplinary Information

No Darrell & King supervised person has any legal or disciplinary event material to a client or perspective client's evaluation of the supervised person.

Item 4 Other Business Activities

- A. No Darrell & King supervised person is actively engaged in any other investment-related business or occupation.
- B. No Darrell & King supervised person is actively engaged in any business or occupation for compensation not discussed in response to Item 4.A.

Item 5 Additional Compensation

Only clients provide economic benefits to Darrell & King supervised persons for providing advisory services.

Item 6 Supervision

Darrell & King supervises its supervised people by periodically meeting to discuss the investments made and advice given to a client. If a disagreement arises, the group of supervised people decides the best course of action and how to communicate that to the client. Charles G. King is the Darrell & King Chief Compliance Officer (CCO) and monitors the advice the supervised people provide clients. His telephone number is (434) 977-7010.