

# **FORM ADV PART 2A CLIENT BROCHURE**

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**December 31, 2014**

This brochure provides information about the qualifications and business practices of Detwiler Fenton Investment Management, LLC (hereinafter “DFIM” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (617)747-0100 or [pfenton@dmcoss.com](mailto:pfenton@dmcoss.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 DFIM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for DFIM is 153808. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

## **Item 2: Material Changes**

There are no material changes since the last annual updating amendment submission

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## **Item 4: Advisory Business**

Detwiler Fenton Investment Management, LLC provides investment advisory services to its clients since 2010. Detwiler Fenton Investment Management, LLC is a wholly owned subsidiary of Detwiler Fenton Group, Inc. Alec Macmillan is your investment advisory representative and may provide these services on either a discretionary or non-discretionary basis. Mr. Macmillan manages accounts for each of his clients, including you, on an individual customized basis. If you have given him “discretionary authority,” he has discretion with respect to the selection of investments, including stocks, bonds, bank deposits, mutual funds, and other securities. If you have not given him discretion, he is required to contact you prior to each transaction to discuss the transaction and get your permission before it is completed. Clients may impose reasonable restrictions on their accounts, such restrictions should be reduced to writing and agreed upon by both parties.

Detwiler Fenton had approximately \$155,005,563 in client assets under management as of December 31, 2014, for 443 client accounts ranging from individual investors to high net worth clients. Mr. Macmillan managed approximately \$7,730,262 of these client assets representing 8 client accounts as of December 31, 2014.

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

Detwiler Fenton’s fee schedule typically begins at 1.50% of the total relationship assets and adjusts downward as certain breakpoints are met, as is more fully disclosed in your investment advisory contract. Clients with multiple accounts are grouped by owner and family relationship to take advantage of said breakpoints. Mr. Macmillan performs investment advisory services for other clients. Your fee may be negotiated and therefore you may pay less than the standard fee charged to other clients of Detwiler Fenton or Mr. Macmillan. The investment advisory services provided to other clients of Detwiler Fenton or Mr. Macmillan may differ from the services provided to you.

You pay an annual advisory fee in an amount detailed in Exhibit A of your Advisory Agreement. Unless indicated otherwise in Exhibit A, you pay the annual advisory fee quarterly in advance based upon the prior quarter’s average daily advisory asset balance.

The quarterly advisory fee will be calculated using Advent Software, Inc., a third party software vendor whose software is licensed for use by Detwiler Fenton. The fee is calculated by multiplying the average daily balance of your assets for the preceding quarter, including cash, by the annual asset management fee percentage, divided by the number of days for the calendar year, and multiplied by the number of days of the calendar quarter to arrive at the quarterly advisory fee. (For example, if your average daily balance of assets under management is \$1 million for the period January 1, 2014 to March 31, 2014, and your annual fee is 1.50%, your annualized fee would be \$15,000. If you divide \$15,000 by 365 days, your fee would be \$41.09 per day. As you are being billed in advance for the period April 1, 2014 to June 30, 2014, you would multiply your daily fee by 91 days for a quarterly fee of \$3,739.73, which would be withdrawn from your account by April 15, 2014.)

The quarterly advisory fee for any initial period where advisory assets are invested during a quarter, will be calculated based on the actual average advisory assets for the actual quarter being billed, and will be withdrawn from the advisory account approximately 15 calendar days after the completion of the initial investment period quarter. (For example, for an account with an annual fee of 1.50% opened on February 1, 2014 with an average daily balance of \$1 million for the period February 1, 2014 to March 31, 2014, the annualized fee would be \$15,000 and your daily fee would still be

\$41.09. However, your initial pro-rated quarterly fee would be your daily fee multiplied by 59 days or \$2,424.66; you would be charged \$3,739.73 in advance for the period April 1, 2014 to June 30, 2014. A total of \$6,164.39 for both quarters would be withdrawn from your account by April 15, 2014.)

In the event of a termination of this Agreement during a quarter, you will receive a refund of the unearned portion of the Quarterly Advisory Fee which was billed in advance, generally by the 15th calendar day following the end of the quarter in which services are terminated. (For example, if you were to terminate your advisory agreement on May 15, 2014, in the examples above, you would have been charged for the entire period from April 1, 2014 to June 30, 2014. You would be refunded the unused portion of your management fee for 46 days multiplied by \$41.09, or \$1,890.41.)

By entering into an Advisory Agreement with Detwiler Fenton, you have authorized us to withdraw your advisory fee from your account or accounts by the 15th calendar day following the end of the quarter. To the extent cash or other liquid assets are not available to pay your quarterly advisory fee, we will liquidate a sufficient amount of your assets to satisfy any fees that are due and payable to Detwiler Fenton.

Any amounts that a mutual fund sponsor or mutual fund pays to a Detwiler Fenton affiliated broker-dealer in respect of advisory assets held in mutual fund shares will be offset against your annual advisory fee each quarter.

#### Other Charges

Your annual advisory fee is separate from and does not include:

- Brokerage commissions
- Dealer spreads
- Ticket charges and other costs associated with the purchase and sale of securities
- Custodial fees
- Interest
- Taxes
- Other brokerage or custodial account expenses

These expenses are your responsibility. If our affiliated securities firm is acting as the broker-dealer with respect to your advisory assets, it may charge certain commissions and fees that are not paid to Detwiler Fenton or Alec Macmillan.

In addition to an investment advisory fee, you may incur service and other transaction costs, such as but not limited to the following:

- Retirement plan administration fees;
- Deferred sales charges on mutual funds or variable annuities initially deposited in your account; and
- Mutual fund management fees and expenses.

Payment of these fees and expenses is not offset against the advisory fee paid to Detwiler Fenton. For a complete explanation of the fees and expenses paid to a mutual fund company, we encourage you to read the fund prospectus or to confer with Mr. Macmillan. You may also incur other charges depending on the security that is purchased. These charges come from the clearing broker - we do not earn these charges.

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

Mr. Macmillan does not charge performance fees.

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

Alec Macmillan will service the following types of clients:

- High net worth and other individuals
- Trusts, estates and charitable organizations
- Corporations, endowments and other business entities

Mr. Macmillan generally accepts accounts or account relationships with a minimum of \$1,000,000 assets under management. However, on some occasions, Mr. Macmillan may accept accounts with fewer assets under management.

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

### Sources of Analysis

Mr. Macmillan uses multiple sources of information to make investment decisions on behalf of and within the investment policy guidelines of the client: Fundamental "Wall Street" and independent research, quantitative research, technical research, SEC filings, company earnings conference calls and other company provided information, investor presentations, and other sources.

Unless specified in the Advisory Agreement, expenses for these sources will not be passed on to you.

### Investment Strategies:

Mr. Macmillan utilizes investment strategies to manage client portfolios on an individualized basis. Investment strategies are based on the investment objectives and risk tolerances of the individual client. Portfolios are constructed to meet particular client objectives. Based on Mr. Macmillan's understanding of client objectives, he develops strategic asset allocation guidelines incorporating flexible ranges so that tactical asset allocation decisions may be applied. A range of fundamental and technical trend considerations drive the tactical asset allocation decisions. Individual equity security selection is a multi-stage process beginning with fundamental and technical screens of a larger stock universe to identify candidates for use in the portfolio. Analysis of a company's competitive position, management, and strategy is performed to identify, in Mr. Macmillan's opinion, superior business franchises that can be acquired at attractive valuations. Diversification of holdings reduces specific company risk compared to highly concentrated portfolios. ETFs may be used to capture a particular investment theme such as "Emerging Economy Consumer Spending" or to lower specific company or variance risk through diversification. Fixed Income is a source of return and a balancer of portfolio risk. Individual securities are selected on the basis of their total return potential, income and influence on portfolio risk. Bond funds may be used to gain professional management and exposure to sectors and issues practically unattainable through individual security selection. Mr. Macmillan will typically make judgments on interest rate and sector credit risk, and identify lower cost funds to implement the desired strategy. All aspects of a portfolio are monitored continuously to determine

whether exposure to various asset classes should be altered, whether more attractive securities should be added in place of less attractive holdings, and whether individual holdings are failing the expected fundamental and technical requirements in which case these securities are sold. Risk control is applied at multiple stages of the investment management process: prudent longer term objective settings, the sale of individual securities upon earlier stage fundamental and technical deterioration, and diversification. Virtually all forms of risk are considered: volatility, economic cycle, solvency, specific business and industry, competitive, and regulatory are some of these risks.

### Risk

All types of investing involve a certain amount of risk, including the loss of all invested funds. You should be prepared for the loss of your investment including specific risks of loss associated with the following types of investment strategies:

- *Conservative: Lower risk securities such as high dividend paying stocks, high rated bonds, money market mutual funds, and U.S. Treasury Bills. Less growth is available but there is less risk of loss to your investment. Types of risk: interest rate risk for bonds should interest rates rise and market risk for stocks during periods of stock market decline.*
- *Moderate: Medium risk securities, dividend and non-dividend paying stocks and high rated bonds Types of risk: similar risks as Conservative investment style with perhaps a slightly greater amount of potential stock decline and volatility during market weakness.*
- *Credit downgrade risk to bonds.*
- *Aggressive: Higher risk stocks, newly issued stocks, medium to high-yield bonds. These may include stocks with low average daily volume, low priced stocks, start-ups, and stocks with unproved earnings histories. Types of risk: loss of principal, high volatility in price, rapid decline in value during downturns in the general stock market.*

## **Item 9: Disciplinary Information**

Mr. Macmillan has no disciplinary information to report.

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

Detwiler Fenton Wealth Management, Inc. ("DFWM") is a registered broker dealer and a wholly owned subsidiary of Detwiler Fenton Investment Management, LLC. DFWM offers and services mutual funds, 529 plans, and other variable securities products. All client accounts for these products will be held directly with the transfer agent. Additionally, DFWM offers investment banking services. The firms have established a multi-tiered supervisory structure and developed surveillance practices to supervise its associated persons and their trading activity, their securities business, and general compliance matters.

## **Item 11: Code of Ethics**

Detwiler Fenton has adopted a Code of Ethics ("Code") designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

This Code establishes rules of conduct for all our employees and is designed to, among other things, govern personal securities trading activities in the accounts of employees, immediate family/household accounts and accounts in which an employee has a beneficial interest. The Code is based upon the principle that we and our employees owe a fiduciary duty to you, and to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of you, (ii) taking inappropriate advantage of our position

with our company and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Detwiler Fenton and its affiliates continue to be applied. 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.

Pursuant to Section 206 of the Advisers Act, both Detwiler Fenton and our employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that we have an affirmative duty of utmost good faith to act solely in the best interest of our clients.

We and our employees are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for your transactions where we are in a position to direct brokerage transactions for you;
- The duty to ensure that investment advice is suitable to meeting your individual objectives, needs and circumstances; and
- A duty to be loyal to you and our other clients.

In meeting its fiduciary responsibilities to you and our other clients, we expect every employee to demonstrate the highest standards of ethical conduct for continued employment. Strict compliance with the provisions of the Code shall be considered a basic condition of employment. DFWM and our affiliates' reputation for fair and honest dealing with our clients have taken considerable time to build. We recognize that this standing could be seriously damaged as the result of even a single securities transaction being considered questionable in light of the fiduciary duty owed to you and our other clients.

You may receive a complete copy of the Code of Ethics by writing:

Compliance Department  
Detwiler Fenton Investment Management LLC  
100 High St, Ste. 2800  
Boston MA 02110

## **Item 12: Brokerage Practices**

### Brokerage and Detwiler Fenton Advisory Arrangements

Detwiler Fenton Investment Management, LLC has made arrangements with Pershing Advisor Solutions, an unaffiliated broker-dealer, to offer brokerage services to its advisory clients should they so choose. However, you can make arrangements with one or more broker-dealers to execute your transactions. We will not make your selection of executing broker-dealers as part of our advisory relationship.

Detwiler Fenton will undertake efforts to determine that you are obtaining best execution on transactions for transactions executed through Pershing Advisor Solutions. See "Best Execution" below.



### Trade Allocation for Detwiler Fenton Brokerage Arrangements

All trades for your accounts that are executed on a discretionary basis are placed first. If you do not give us discretion, are be required to request your approval prior to the trade and would contact you after executing similar transactions for other clients on a discretionary basis, typically within the same trading day, to discuss the transaction and obtain approval.

### Pricing

If you choose Pershing Advisor Solutions to execute transactions, you may be charged a minimum transaction fee of \$7.95 per transaction. Brokerage commissions and fees charged by a broker-dealer other than Pershing Advisor Solutions may be higher or lower than those charged by our affiliate.

### Best Execution and Brokerage Arrangement

You may choose which broker-dealer executes your transactions. There are benefits to having Pershing Advisor Solutions execute your trades due to our access to their platform. Although we are not responsible for the execution quality at Pershing Advisor Solutions, we will conduct a best execution review quarterly.

. In directing the use of a particular broker or dealer for a portion or all of the trades executed in your account, it should be understood that, with respect to the percentage of trades effected by such direction;

- DFIM will not have authority to negotiate commissions among various other broker dealers on a trade-by-trade basis,
- DFIM may not obtain volume discounts, and
- Best execution may not be achieved.
- In addition a disparity in commission charges may exist between the commissions charged to you for such trades and those charged to other clients.

These factors may affect the overall performance of your individual account.

Although Mr. Macmillan manages portfolios individually according to his clients' objectives and risk tolerances, it should be understood that various portfolios may be managed in the same manner due to similarities in each client's profile. As such, if you choose our affiliated broker-dealer to execute your transactions, you have the potential advantage of your trade being aggregated with trades of other of Mr. Macmillan's clients within the same or similar strategy. Aggregation of orders may allow a broker-dealer to obtain a more favorable price. In addition, Mr. Macmillan generally will place an order with a third-party broker-dealer after it has placed advisory account orders through its arrangement with Pershing Advisor Solutions. Mr. Macmillan and may need to adjust the amounts of securities purchased or sold due to executing transactions on an individual basis rather than as a group.

We are not compensated for directing your transactions to any broker-dealer, affiliated or otherwise.

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

### Recommendations

Mr. Macmillan's recommendations are generally based upon his review of a security and/or an investor's investment portfolio objectives. Neither Detwiler Fenton nor Mr. Macmillan maintain a "recommended" list of securities on which it has conducted research or maintain a centralized research function that is available to other Detwiler Fenton Representatives.

#### Account reviews

Mr. Macmillan routinely reviews his clients' discretionary accounts. He communicates with both his discretionary and non-discretionary clients at least quarterly to discuss the accounts and any changes to their investment objectives. All clients have the ability to place restrictions on their accounts at all times.

#### Supervisory review

Supervision of Alec Macmillan the responsibility of Mitchell Goldfeld, Managing Director. Mr. Goldfeld is responsible for monitoring the conduct of Alec Macmillan, and to ensure he is acting in the accordance with applicable policies of Detwiler Fenton Investment Management, LLC and the financial services industry. Should you have any questions or concerns, you may contact Mr. Goldfeld at (617)-747-0100 or via email at [mgoldfeld@dmcos.com](mailto:mgoldfeld@dmcos.com)

### **Item 14: Client referrals and other compensation**

Neither Detwiler Fenton nor Mr. Macmillan pays other entities for client referrals neither is compensated for referrals to other investment advisers or services he may recommend to you, including the use of any broker-dealer to execute transactions. See Item 10 for other business activities for which Mr. Macmillan may receive compensation.

### **Item 15: Custody**

Detwiler Fenton Investment Management, LLC has made arrangements with Pershing Advisor Solutions, an unaffiliated broker-dealer, to offer brokerage services to its advisory clients should they so choose. If you choose to maintain your account with Pershing Advisor Solutions, your accounts will be carried by Pershing, LLC. If you choose to have your funds and securities held at an unaffiliated broker-dealer, you may have your transactions "cleared" through a different clearing firm.

Pershing, LLC or a different clearing firm will send you account statements directly for each account that you hold, at least quarterly if there is no activity in your account and typically by the 10th business day following the end of any month in which your account has activity. These statements will detail the investments and activity within the account for that time period.

We will also send you quarterly reports detailing the account valuation and performance return over several time periods relative to selective benchmarks. The daily average of the value of these assets will be the basis for your quarterly fees.

We urge you to not only review all quarterly performance reports that you receive directly from Detwiler

Fenton but also to review the account statements you receive from your clearing firm. Should you find any errors or discrepancies, please let us know immediately.

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

If you have given Mr. Macmillan investment discretion on your account as described in Item 4 above, he will not ask for your permission for each transaction that he does in your account. The benefits of giving him limited discretion over your investment decisions are detailed in Item 12. Discretion is limited to only investment direction and he will not do any of the following without your written consent:

- Transfer money between any of your accounts;
- Transfer money into or out of your account;
- Vote proxies for any security that you may own; or
- Choose the broker-dealer that executes your trades.

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

Whether you are participating in either the nondiscretionary advisory program or discretionary advisory program, we will not vote proxies that are received from issuers for your benefit.

Mr. Macmillan will arrange to have any proxy materials sent to you directly if your account is held at Pershing Advisor Solutions. You will be given instructions in the investor materials detailing how to participate. Should you choose another broker-dealer to hold your securities, you will need to contact that broker-dealer for information on how to vote your securities.

### **Item 18: Financial Information**

Currently, there is no known financial condition that is reasonably likely to impair our ability to meet our contractual commitments with you. We do not have any judgments, arbitrations or other matters that we believe will materially affect our ability to provide you with the services we have agreed to provide.

### **Item 19: Requirements for State-Registered Advisers**

We are an SEC Registered Investment Adviser and as such are not required to register with individual states.