



DUNVEGAN ASSOCIATES, INC.

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This Brochure provides information about the qualifications and business practices of Dunvegan Associates, Inc. If you have any questions about the contents of this brochure, please contact DVA at (805) 969-5432. 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.

Dunvegan Associates, Inc. is a registered investment adviser. This designation does not imply a certain level of skill or training. For reference, the firm's CRD number is 108603.

Item 2 - Material Changes

Since our last brochure, dated March 30, 2016, Dunvegan has conveyed much of its Regulatory Assets under Management to Morgan Stanley. Accordingly, Dunvegan Associates is switching from SEC registration to State registration.

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV Part 2 will be available to our existing and prospective clients through the Investment Adviser Public Disclosure website. Please review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history. All potential conflicts of interest are disclosed to clients.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 ---Material Changes.....	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients	6
Item 8 – Methods of analysis, Investment Strategies and Risk of Loss	6
Item 9 – Disciplinary Information.....	7
Item 10 – Other Financial Industry Activities and Affiliations	7
Item 11 – Code of Ethics	8
Item 12 – Brokerage Practices.....	9
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation.....	10
Item 15 – Custody.....	10
Item 16 – Investment Discretion	10
Item 17 – Voting Client Securities	11
Item 18 – Financial Information.....	12
Item 19 – Requirements for State-Registered Advisers.....	14

Item 4 – Advisory Business

Dunvegan (DVA) was founded in 1974 in New York as a consulting arm of Reynolds and Co., now Morgan Stanley. At that time, A. C. Moore, President of Dunvegan, was Director of Institutional Research for Reynolds. Over the next decade, DVA served as an energy and overall financial market strategist to several of the largest financial institutions in the United States. Dunvegan has always featured a research approach to markets and its clients versus a sales approach. That is, through a combination of fundamental and technical analysis, DVA has tried to figure out, using in-house research, how things work, and quantify the risk/reward relationships. Once we have determined what we know and what we don't know, an investment strategy seems to naturally evolve. A research approach contrasts sharply with a sales approach that seems to cater to client appetites with an ever-expanding menu of investment options with an accent on what sells the best. Although DVA commenced wealth management in 1983, the firm has had important alliances, with President A. C. Moore having a position of Director of Research with Argus Research in the late 1980's and Chief Investment Strategist of Principal Financial Securities (a part of Principal Financial Group) in the 1990's. Today, DVA remains an independent wealth manager serving individuals, including high net worth individuals and trusts. As of May 25, 2017, Regulatory Assets Under Management were \$24 million.

Dunvegan provides continuous management of client portfolios on a discretionary basis, blending our capital markets outlook with the financial goals of the client. The financial goals of the client are determined on an initial meeting and are systematically updated through periodic client review meetings. Among the issues that are taken into consideration are the form that the client's assets are in (e.g.: stocks, bonds, real estate), taxability, the client's personal and family obligations liquidity needs, and the client's risk preference.

Investment supervisory services are performed in accord with a "Letter of Understanding"(LOU) that permits Dunvegan to enter orders with the broker on behalf of the client. The LOU also defines how the client terminates the relationship and whether margin can be used or not.

Dunvegan does not currently provide portfolio management services through participation in wrap-fee programs.

Dunvegan has a Business Continuity Plan that provides for a transition of client accounts in the event of unexpected developments. All account information has been digitized and is regularly backed up. Upon death or incapacitation of A. C. Moore, steps have been taken providing for all clients to be contacted and advised to seek guidance from their accountant and/or legal advisor to guide them to a successor advisor. All account data is maintained by custodians to which the client has continued access. Operations staff will continue to be available to assist clients and their representatives as needed. Should a natural disaster occur, clients will be contacted with communication alternatives. Dunvegan has taken steps for continued operation through backups and duplicate technology in alternative safe environments.

Item 5 – Fees and Compensation

Dunvegan's management fee is negotiable and is agreed upon in writing in the “Letter of Understanding” prior to the client’s signature. However, here is the fee schedule which we use as a guide:

ANNUAL FEE SCHEDULE

Dunvegan’s management fee is based upon the market value at quarter end of assets supervised, payable quarterly, in advance, at the following annual rates:

<u>Amount Under Supervision</u>	
\$5,000,000.....	1.00 %
Concession for each additional \$5,000,000.....	0.05%
After \$50,000,000.....	0.55%

Eleemosynary institutions receive a 10% discount from the fee schedule.

The specific manner in which fees are charged by Dunvegan is established in a client’s written agreement, the “Letter of Understanding”, with Dunvegan. DVA will generally bill its fees on a quarterly basis. Fees are charged at the beginning of a quarter. Clients may elect to be billed directly for fees or to authorize Dunvegan to directly debit fees from client accounts. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Refunds are payable upon cancellation, which may be verbal or written, should services be terminated before the end of the quarter.

Clients may terminate management with a phone call, to be followed by a letter. Prepaid investment advisory fees (unearned) for that quarter will be refunded, prorated to the date of oral or written notification of cancellation.

Dunvegan’s fees do not include brokerage commissions, transaction fees, and other related costs and expenses. Such fees and expenses are 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Dunvegan's fee. It is in the client's best interest as well as that of DVA to keep commissions, fees, and costs as low as possible. Nonetheless, lower fees for comparable services may be available from other sources.

Dunvegan including all its supervised persons do not 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.

Item 12 further describes the factors that Dunvegan considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Except for approximately \$1.5 million in client assets, Dunvegan does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). There is the potential for conflict of interest between the client assets on which we charge performance-based fees and those where we do not charge such fees. Should there be a situation where we are transacting in the same issues for both types of accounts within the same 24-hour period, we resolve that conflict by transacting assigning priority of execution to non performance-based fee accounts.

Where performance fees are charged, such fees are charged in accordance with provisions of CCR Section 260.234.

Item 7 – Types of Clients

Dunvegan provides portfolio management services to individuals including high net worth individuals, and trusts. We have no minimum requirements for opening or maintaining accounts.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Some of our transactions in both stocks and bonds involve more frequent trading of securities. DVA does not experience any gain other than its stated fees on assets from more frequent trading. We understand that increased brokerage and other transaction costs and taxes are generated from more frequent trading. Nonetheless, our expectation is and our experience has been that client returns are enhanced and risks are reduced from our more active management.

Equity (stocks)

Our primary goal is to generate returns for our clients in excess of those earned by the broader

stock market. We achieve this through both capital appreciation and income from stocks of companies that we think offer value to shareholders. Dividend yield is important in our selection of stocks but it does not limit our investment choices.

Our strength in investment selection begins with our analytical approach to the drivers of the world economy. A close examination of global supply and demand trends, through fundamental and technical analysis, identifies industries and companies that are well-positioned to benefit from positive long-term economic trends. Our screening process targets companies with strong balance sheets, growing earnings, and focused management. We favor companies that appear to be industry leaders.

Once a company is identified as a potential investment, we run some calculations that help us to determine a reasonable price to buy the stock. DVA avoids buying stock in a company that we think is overvalued.

Fixed Income (bonds)

We start with global economic analysis to form an opinion of the trend of interest rates. We make a judgment of what optimum duration would be desired for minimizing risk and maximizing returns for our clients. For example, if we think interest rates are going up, we would choose duration of 3 to 5 years; if we think interest rates are going to go down, we would choose an optimum duration in excess of 5 years. We take into account our clients' income needs, horizon, and taxability. Thinking primarily in terms of after-tax yield, we look at fixed income asset classes' relative positions on the yield curve. We seek undervalued sectors within the most desirable asset class. We also capitalize on mispriced issues, or 'outliers,' and opportunities arising from all types of corporate actions. Once a security has passed our risk criteria and we determine the optimum price for the security, the DVA team begins the global-reaching negotiation for a required price in order to transmit value to our clients.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Dunvegan or the integrity of Dunvegan's management. Dunvegan has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Except for those financial industry activities performed directly by Dunvegan, the firm has no other financial industry activities and affiliations nor any indirect owners.

There are no direct/indirect owners that are not listed on Schedule A and B of Form ADV.

Item 11 – Code of Ethics

Dunvegan has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Dunvegan must acknowledge the terms of the Code of Ethics annually, or as amended.

Any potential conflict accruing from trading by Dunvegan personnel will be resolved in favor of the client. A complete account of all transactions for clients and any personnel, will be available for a potential regulatory audit.

Dunvegan's employees and persons associated with Dunvegan are required to follow Dunvegan's Code of Ethics. Subject to satisfying this policy and applicable laws, employees of Dunvegan may trade for their own accounts in securities which are recommended to and/or purchased for Dunvegan's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Dunvegan will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

A.C. Moore, having majored in securities law in UNC Chapel Hill law school and having passed the bar in North Carolina, and having passed Series 7, Series 24, and has been a Supervisory Analyst with the New York Stock Exchange, is well aware of the potential conflict of interest that can occur in this business. As Chief Compliance Officer, he has not and would not permit a purchase of securities by the firm's clients that would enhance his existing position or that of DVA or a related person.

Alvin C. Moore and no related person is permitted to buy or sell for client accounts, securities in which he or a related person has a material financial interest. Accordingly, there can be no conflict of interest that would arise from this situation.

The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Dunvegan and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Dunvegan's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total

average price. Dunvegan will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. 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.

Dunvegan's clients or prospective clients may request a copy of the firm's Code of Ethics by calling our offices at (805) 969-5432 or (800) 757-5432.

Item 12 – Brokerage Practices

DVA's primary business is the discretionary management of client accounts. That is, no specific client consent is sought before individual investment decisions, such as the quantity or type of security to be bought or sold, are made. In cases where client funds are held in a bank or trust company, brokers may be selected by Dunvegan for the transactions, based upon factors which include:

- (1) Service levels;
- (2) Expertise in trading the specific security;
- (3) Willingness to discount commissions; and,
- (4) Research services provided that pertain to the trade.

A significant percentage of Dunvegan's clients prefer to choose their own brokers, or have done so prior to any management relationship with DVA. In such cases, Dunvegan is instructed to use that broker for executions, custody and reporting. We make such clients aware that they may be paying commissions higher than those obtainable from other brokers in return for factors they may deem important, which include those above, and may include performance measurement and ongoing portfolio monitoring. When directed to use a certain broker, we may be unable to negotiate commissions and obtain volume discounts or best executions. Thus, a disparity may exist in commission charges among our clients.

From time to time, we are asked to recommend a brokerage firm for custody, execution, and reporting services. At such time, it is our policy to suggest several alternatives, and let the client make the decision.

Factors influencing our referral of brokers include:

- (1) Level of service;
- (2) Willingness to discount commissions;
- (3) Our assessment of past execution capabilities;
- (4) Willingness to provide access to research or analysts;

- (5) Clarity and reliability of reporting; and,
- (6) Client portfolio size.

In return for high marks in the above factors, our clients may choose from time to time, to pay higher commission rates than those obtainable from brokers who rate lower, on balance, in the factors listed above.

Section 28(e) of the Securities Exchange Act of 1934 is a “safe harbor” provision under which investment advisors can receive “soft-dollar” benefits back to pay for research and related items from certain brokers with whom they do business for clients. Although Dunvegan has received such soft-dollar benefits under section 28(e) in the past, it does not currently receive such benefits nor is it set up to do so going forward. Dunvegan also receives no other soft-dollar benefits in any form.

Dunvegan aggregates orders when securities are transacted by accounts which are held by a common brokerage firm. We always aggregate orders unless an unforeseen problem arises with respect to a particular account that could be aggregated and it needs to be moved for execution to the next trading session. Aggregation is always preferred for individual client fairness since all clients of a single brokerage firm receive the same execution price. Commissions are not affected. When two or more brokerage firms are involved for orders for a single security, securities firms are assigned numbers and a drawing out of a hat formalizes priority. A record of these transactions is kept for regulatory review.

Item 13 – Review of Accounts

A. C. Moore, President of Dunvegan, reviews all accounts at least on a weekly basis. The initial focus of this review is with the securities held by each account. Problems or opportunities generated by fundamental or market specific occurrences are quickly translated into the appropriate buy or sell adjustment of each account. Accounts are also systematically reviewed weekly as to accomplishment of individual client financial goals. Defensive asset allocation review is accomplished as needed but no less than on a weekly basis.

A report as to our current analysis of the internal structure of markets is provided as appropriate for market conditions. We personally visit with most clients on a periodic basis and welcome phone calls and visits at our office.

Item 14 – Client Referrals and Other Compensation

Dunvegan does not pay for client referrals. Dunvegan does not pay anyone who is not a client who may provide economic benefit to DVA for providing investment advice or other advisory services

to our clients. Thus, a potential conflict of interest does not arise. For purposes of this Item, Dunvegan does not award economic benefits or any sales awards or other prizes.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Dunvegan urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on account procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

DVA's primary business is the discretionary management of client accounts. Dunvegan usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Dunvegan observes the investment policies, limitations and restrictions of the clients for which it advises. We determine guidelines and restrictions as a part of the ongoing meetings and conversations with clients.

Item 17 – Voting Client Securities

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When Dunvegan has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures.

Clients may obtain a copy of Dunvegan's complete proxy voting policies and procedures upon request. Clients may also obtain information from Dunvegan about how Dunvegan voted any proxies on behalf of their account(s).

In the absence of specific voting guidelines from a client, Dunvegan will vote proxies in the best interest of the client. Dunvegan believes that voting proxies in accordance with the following guidelines is in the best interest of a client.

- Generally, Dunvegan will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

- Generally, Dunvegan will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, Dunvegan shall determine whether a proposal is in the best interest of its clients and may take into account the following factors, among others:

- Whether the proposal was recommended by management and Dunvegan's opinion of management;
- Whether the proposal acts to entrench existing management; and,
- Whether the proposal fairly compensates management for past and future performance.

Dunvegan reserves the right to add to these factors as it deems necessary in order to ensure that further categories of proposals are covered and that the general principles in determining how to vote all proxies are fully stated.

The Chief Compliance Officer will identify any conflicts that exist between the interest of Dunvegan and its clients. This will include a review of the relationship of Dunvegan and its affiliates with the issuer of each security [and any of the issuer's affiliates] to determine if the issuer is a client of Dunvegan or an affiliate of Dunvegan or has some other relationship with Dunvegan or a client of Dunvegan.

If a material conflict exists, Dunvegan will determine whether voting in accordance with the voting guidelines and factors described above is in the best interest of the client. Dunvegan will also determine whether it is appropriate to disclose the conflict to the affected clients and, except in the case of clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), give the clients the opportunity to vote their proxies themselves. In the case of ERISA clients, if the Investment Management Agreement reserves to the ERISA client the authority to vote proxies when Dunvegan determines it has a material conflict that affects its best judgment as an ERISA fiduciary, Dunvegan will give the ERISA client the opportunity to vote the proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Dunvegan's financial condition. Dunvegan has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Dunvegan does not collect fee pre-payments of \$500 or more and six or more months in advance.

Item 19 – Requirements for State-Registered Advisers

All states require the registration of investment advisers (IAs) and their investment adviser representatives (IARs). An applicant for investment adviser registration must file Form ADV, Parts 1 & 2, through the [Investment Adviser Registration Depository \(IARD\)](#) and may be required to submit additional materials including advisory contracts and financial statements. The Form ADV should be completed in accordance with the instructions on the form, and amendments must be filed as indicated in the instructions.

An applicant for registration as an investment adviser representative must file a Form U4 in accordance with the instructions on the form. The Form U4 must indicate that the applicant has passed the required competency exams or holds a current acceptable professional designation.

Registration fees must be paid electronically through the IARD system.

Requirement 19A: Identify each of your principal executive officers and management persons, and describe their formal education and business background:

Name: Alvin Crawford Moore, Jr. DOB: 1943

Degrees and Professional Activity:

B.B.A. Finance 1964 – Wake Forest University

J.D. 1967 – University of North Carolina, Chapel Hill

1967-- North Carolina State Bar

1968 – Research Analyst, Reynolds & Co., New York, New York

1968 – Series 7 exam passed

1969 – Inducted into the NY Society of Securities Analysts (FAF) and the Oil Analyst's Group of New York

1970-1974 – Director of Institutional Research, Reynolds & Co.

1970 -- Accredited NYSE Supervisory Analyst

1974-Present – President, Dunvegan Associates, Inc.

1980-1984 – Co-employed by A. C. Moore & Co, a wholly-owned broker-dealer for purposes of getting lower clearing rates for Dunvegan Associates, Inc.

1980 – Series 24 exam passed

1986-1990 – Co-employed by Argus Research as Director of Research

1990 – Listed by USNews&World Report as being in the top 5 Wall Street Strategists quoted in the world. Maintained a consulting relationship with the largest financial institutions in the U.S. Completed Parts 1 and 2 for a professional CMT designation.

1995-1999 – Co-employed by Principal Financial Securities as Director of Investment Strategy.

Requirement 19B: Describe any business in which you are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business:
N/A –Not Applicable.

Requirement 19C: In addition to the description of your fees in Item 5 of Part 2A, if you are compensated for advisory services with performance-based fees, explain how these fees will be calculated. Disclose specifically that 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.

Performance-based fees are charged to the KFB Capital account Montevideo on the basis that Dunvegan receives 10% of the capital gain on an annual basis in addition to a Management Fee of 1%. The client is an accredited investor. It has been disclosed to the client that performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

Requirement 19 D: If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event:

- 1) An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500: **N/A – Not Applicable**
- 2) An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding: **N/A – Not Applicable**

Requirement 19 E: In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A: **N/A – Not Applicable**