
FIRM DISCLOSURE BROCHURE

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DISCLAIMER:

This Firm Brochure provides information about the qualifications and business practices of **DeWaay Capital Management, Inc.** If you have any questions about the contents of this brochure, please contact us at (515) 224-9861. 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 **DeWaay Capital Management, Inc.** is available on the SEC's website at www.adviserinfo.sec.gov (the CRD number for **DeWaay Capital Management, Inc.** is **116214**).

NOTE:

While **DeWaay Capital Management, Inc.** may refer to itself as a “registered investment advisor” or “RIA” Clients should be aware that registration itself does not imply a certain level of skill or training.

MATERIAL CHANGES FROM PREVIOUS VERSION:

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure the adviser is required to notify you and provide you with a description of the material changes.

Since our annual updating amendment dated March 17, 2016, we have updated our brochure regarding the following matters.

DeWaay Capital Management is no longer eligible to remain registered with the SEC as of this filing. The company has restructured their business. As of December 31, 2016, DeWaay Capital Management, manages approximately \$38,000,000 of client assets on a discretionary basis.

DCM no longer offers financial counseling and tax services for its client. These services included income tax planning and preparation, retirement planning, budgeting and personal cash flow planning, estate and business succession planning, education funding, stock option planning, and personal risk analysis including life insurance, disability and long-long term care insurance needs assessment.

DeWaay Capital Management no longer receives any economic benefit through its participation in the "iRebal" program provided by TD Ameritrade where they were subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be place to the TD Ameritrade platform that would bring fee reductions of up to \$20,000 per year. Specified taxable client assets either This program is now offered at no additional cost for all accounts held at TD Ameritrade.

Mr. DeWaay is 100% owner of Midwest Family Business Alliance (MWFBA). However, the company is inactive.

Account reviews: Don DeWaay, CEO and Jon Barton will monitor your accounts on an ongoing basis and will conduct account reviews periodically or in response to client request. David Merritt and Samuel Hanson are no longer with the firm.

Because the Class Action of December 3, 2015 was not recertified, the Gordon Mosher and Philip Metcalf, et al. v. DeWaay Financial Network, LLC, et al, case no. LACV006033 proceeded in Decatur County, Iowa but not as class actions. The Mosher case was subsequently resolved. The company continues to consider the effect of these matters on the company's future operations, its potential liabilities and substantial costs relative to outstanding arbitration matters and to notes issued by the company in 2009 (in excess of \$2million) in connection with a settlement relating to notes issued by IPofa 5201, LLC.

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ADVISORY BUSINESS

INTRODUCTION

DeWaay Capital Management, Inc. (hereafter “**DCM** ”), is a fee-based investment adviser that offers two types of advisory services: **Portfolio Management Services and Financial Planning Services.**

DCM is an investment adviser registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended. The firm has been registered with the SEC since May 20, 2002.

DCM principal owner is: **Donald G. DeWaay**, Chief Executive Officer and Chief Compliance Officer.

PORTFOLIO MANAGEMENT SERVICES

DCM primarily provides continuous discretionary asset management and investment advisory services. In order to participate in these services, clients generally grant discretion and authority to **DCM** to manage their accounts and to perform various functions, at the client's expense, without further approval from the client. Such functions include making all investment decisions for the (a) securities purchased or sold; (b) the amount of securities purchased or sold; (c) the timing of trade execution of securities purchased or sold. Once the portfolio is constructed, **DCM** provides ongoing management, monitoring and re-balancing of the portfolio as changes in market conditions and client circumstances may require. In limited circumstances, the Firm may enter into a non-discretionary arrangement with clients whereby clients must provide approval to the Firm prior to the execution of a trade.

DCM is actively engaged in managing diversified portfolios of equity, fixed income and cash equivalent securities on behalf of its clients. Equity portfolios are comprised of securities that are diversified not only by market capitalization but also by economic and industry sectors. Fixed income portfolios are diversified by issuer and maturity date. Portfolios may include but are not limited to individual stocks, taxable and municipal bonds, exchanged traded funds, mutual funds and market alternatives and direct participation programs.

Portfolio composition will be determined based on each client's needs, portfolio restrictions, if any, financial goals and risk tolerances. Some strategies involve more risk than other available strategies and are only appropriate for certain investors.

The client may terminate an investment advisory services agreement without penalty within five business days after the date when all parties have signed the agreement. After the five-day period, either party may terminate the management agreement upon 30 day written notice to the other. **DCM** will prorate the management fee for the quarter in which the termination notice was given and will return any unearned fees to the client.

WRAP FEE PROGRAM

We are a portfolio manager to/sponsor of a wrap fee program, which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee that includes administrative fees, management fees, and commissions.

If you participate in our wrap fee program, you will pay our firm a single fee, which includes our money management fees, certain transaction costs, and administrative costs. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed by TD Ameritrade, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by TD Ameritrade or other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, please see Appendix 1 to this Brochure.

NON-WRAP FEE PROGRAM

Client portfolio's may be managed under a non-wrap fee account on either a discretionary or a non-discretionary basis, and may include a short-term investment strategy in managing this type of account. A long-term investment strategy will typically involve investing in securities that are anticipated to grow in value over a relatively long period of time. On the other hand, a short-term investment strategy will typically involve purchasing and selling securities within a relatively short period of time based on these securities' short-term price fluctuations. Therefore, transactions may occur more frequently in the non-wrap program. In considering the investment programs described in this brochure, you should be aware that participating in a non-wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.

SELF-DIRECTED 401(k) PLAN CONSULTING/ASSET MANAGEMENT SERVICES PROGRAM

DCM provides investment consulting and asset management services to self-directed 401(k) plan participants and/or beneficiaries. In general, these services may include asset allocation advice, money management services, communication and education services, investment performance monitoring, and/or ongoing consulting. **DCM** may provide these services independent of other services offered or the client may contract with **DCM** for additional services.

THIRD PARTY MANAGEMENT SERVICES

Through negotiated arrangements with certain registered investment advisers, **DCM** may refer client accounts to or select third-party investment adviser (“Sub-Adviser”) to actively manage a portion of, or the entire client account. Under such arrangements, **DCM** will make recommendations regarding the suitability of a Sub-Adviser or investment style based on, but not limited to, the client’s long-term goals, risk tolerance, time horizon, account profile, investment objectives, and/or financial situation. All Sub-Advisers that **DCM** utilizes on behalf of clients must be either a state licensed investment adviser or a federally registered investment adviser.

In addition to evaluating and recommending Sub-Advisers to clients, **DCM** will gather information from the client about the client’s financial situation, investment objectives, and reasonable restrictions the client may wish to impose on the management of the account. **DCM** then monitors the Sub-Adviser’s performance; reviews reports provided to the client; contacts the client periodically to review the client’s financial situation and objectives; and assists the client in understanding and evaluating the services provided by the Sub-Adviser. Clients should promptly notify **DCM** of any material change in their financial situation, investment objectives, or account restriction. Recommended or selected Sub-Advisers may utilize a diversified investment portfolio model or multiple models in the management of the client accounts, which may include proprietary model portfolios or they may select other third party investment advisers or “model managers” in the management of the client accounts.

Clients may or may not be required to enter into a separate investment management agreements with Sub-Advisers and/or other third party money managers. Otherwise, the Sub-Adviser will actively manage the client’s portfolio based on discretionary authority granted to **DCM** through the investment management agreement between the client and **DCM**. **DCM** may pay a portion or all its management fee to the Sub-Adviser in return for the investment management and trading services provided to the client. **DCM** and the Sub-Adviser will each be paid a portion of the advisory fee directly deducted by the custodian based on written instruction in the investment adviser agreement. **DCM** may also assume discretionary authority contractually with the client to the hire and fire of the Sub-Advisers and reallocate the client’s assets to other Sub-Advisers, where we deem the action to be in the best interest of the client.

When clients enter in to a contract directly with the Sub-Advisers or with **DCM**, either party may terminate the contract in accordance with those agreements at any time without penalty upon written notice to the other party. If the client terminates the investment management agreement within five days of the date of acceptance the client will receive a full refund of all fees and expenses. If termination occurs prior to the end of a calendar billing period, the refund will be on a pro-rata basis. **DCM** may utilize Sub-Advisers to provide portfolio recommendations or analysis specific to certain portfolios or securities but will not actively engage Sub-Advisers in the management of the account. **DCM** may pay a portion or all its management fee to the Sub-Adviser in return for the recommendation or analysis services.

In addition to evaluating and recommending Sub-Advisers to clients, **DCM** may utilize Sub-Advisers to provide portfolio recommendations or analysis specific to certain portfolios or securities but will not actively engage Sub-Advisers in the management of the account. **DCM** may pay a portion or all the management fee to the Sub-Adviser in return for the recommendation or analysis services.

FINANCIAL PLANNING SERVICES

If the Client selects Financial Planning Services, **DCM** may extend the initial consultation to include discussions necessary to begin creating a financial plan or may arrange a follow-up meeting to review additional information about the Client's finances. In any case, the Client will have the choice to:

- (a) Consult with **DCM** on the Client's overall financial situation and obtain a comprehensive, written financial plan; or
- (b) Consult with **DCM** on a specific topic or an individual security.

As the Comprehensive Financial Plan option, would include the opportunity to discuss any specific topic or any individual security, **DCM** recommends this option for all new Clients. For returning Clients that need to consult with **DCM** on a specific topic or individual security, they can do so during an Annual Financial Plan Review or engage **DCM** for a Separate Financial Planning Consultation. The client may terminate a financial planning agreement without penalty within five business days after the date when all parties have signed the agreement. After this five-day period, either party may terminate the agreement upon written notice to the other and if a fee has been collected the firm will make a pro rata refund to the client or the client may incur a pro rata charge for a bona fide financial plan rendered prior to such termination.

COMPREHENSIVE FINANCIAL PLAN

DCM will review all aspects of the Client's finances to prepare a written financial plan that makes comprehensive recommendations to help the Client meet their financial objectives. These areas of analysis include: overall asset allocation, securities recommendations, insurance needs, mortgage planning, consumer debt, retirement planning, college planning, trust & estate planning, savings & budgeting.

DCM will compile this financial information and use it to construct a Comprehensive Financial Plan tailored to the Client's specific financial situation. The written financial plan will typically be constructed within a month, but will never take longer than six months. Clients can execute the Comprehensive Financial Plan on their own or **DCM** can assist in implementation. If Portfolio Management Services are recommended in the Comprehensive Financial Plan, Clients may engage **DCM** for those Portfolio Management Services as described above.

ANNUAL FINANCIAL PLAN REVIEW

As financial conditions or objectives change over time, Clients should engage **DCM** to review their financial plan annually. Largely, this review merely confirms the Client's financial information is accurate, evaluates whether the financial plan is reaching its goals, and makes any revisions needed. However, at this annual review, Clients may also raise new objectives or discuss other financial topics of their choice. Also, if Clients experience life-changing events, they may initiate an Annual Financial Plan Review earlier than the typical annual time frame.

FEES AND COMPENSATION

MANAGEMENT FEE FOR PORTFOLIO MANAGEMENT SERVICES

DCM portfolio management fees are negotiable based upon each client's individual needs and circumstances, such as the account size and the nature of the investment activity within the account. The specific services to be provided by **DCM** and the fees assessed for provision of such services are described in an Investment Advisory Agreement ("Agreement"), or similarly titled agreement, to be executed between **DCM** and each client. The Firm's portfolio management fees are generally between 1.0% and 1.5% of assets under management. The fees may be higher or lower based upon the individual circumstances noted above but will not exceed 2.20% of assets under management. Typically, fixed income and annuity portfolios will be charged 0.50%. **DCM** may aggregate accounts of members of the same household for the purposes of determining the advisory fee. This consolidation practice is designed to allow clients the benefit of an increased assets total, which could potentially result in a reduced advisory fee.

DCM bills portfolio management fees quarterly in advance based on the value of the assets under management on the last business day of the preceding calendar quarter. Fees are assessed pro-rata in the event the client agreement is executed at any other time than the first day of a calendar quarter in such cases, the fees are assessed on the first day of the following quarter along with the regular quarterly portfolio management fee for the upcoming quarter.

For Clients that provide written authorization to their broker-dealer/custodian, **DCM** will arrange to have its management fee automatically deducted from the Client's brokerage account. In this case, the Client's broker-dealer/custodian will send statements, at least quarterly, to the Client that will reflect the advisory fee paid to **DCM**, but the Client should verify the accuracy of fees paid.

DCM requests all Clients allow for the direct deduction of fees, but for those Clients that do not, **DCM** will send directly to the Client an invoice for **DCM** fees. This invoice will require payment within thirty days after the mailing date on the invoice.

TERMINATION OF ADVISORY RELATIONSHIP

You may terminate the wrap fee program agreement upon 30 day written notice to the firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program agreement, which mean you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of accounts held at the custodian for wrap program, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. When the wrap fee program has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

THIRD PARTY MANAGEMENT FEES

Depending upon the manager or models selected, on an annualized basis, the fee for third party management services generally ranges from 0.35% to 2.25% of assets under management, payable quarterly in advance. **DCM** may pay a portion or all its management fee to the Sub-Adviser in return for investment management and trading services provided to the client or the Sub-Adviser and **DCM** will each be paid a portion of the advisory fee directly from the client accounts through the custodian holding the client accounts based on client written instructions for the debit of fees and the investment management agreement between the client and **DCM**. In all cases, the fee arrangements for each client will be described in the Agreement or Agreements executed prior to commencement of investment management services. In certain cases, other fees or fee payment arrangements may be negotiated.

The Sub-Adviser's fees, and fee-paying arrangements, are established and payable in accordance with the Form ADV Part 2A or other equivalent disclosure document provided by each Sub-Adviser to whom **DCM** selects for or refers its clients. Sub Advisor fees may be either wrap or non-wrap. They may or may not be negotiable. In addition, if the investment program recommended to a client is a wrap fee program, the client will also receive the Form ADV Part 2A supplement or equivalent wrap fee brochure provided by the sponsor of the program. In limited circumstances, **DCM** may share in a portion of the advisory fee, including performance-based fees collected by the Sub-Adviser, and in such cases, the client will not be assessed an additional fee by **DCM**. Client's referred to such Sub-Advisers are informed that lower fees may be available elsewhere, and they are under no obligation to accept **DCM** recommendation for a Sub-Adviser.

FINANCIAL PLANNING SERVICES

DCM may charge financial planning fees on an hourly basis or as a fixed fee. The fee can be negotiable, dependent upon the facts and circumstances presented by the client's financial situation and the complexity of the service rendered by the advisor. Generally, the Firm's hourly fee for financial planning services ranges between \$100 and \$300. An IAR will determine an estimate of the total time and cost at the start of the advisory relationship. In limited circumstances, the time or cost could potentially exceed the initial estimate. In such cases, the Firm will notify the client and may request the client approve the additional fee.

Generally, **DCM** requires clients to pay 50% of the estimated fee in advance, with the remaining portion due upon completion of the services rendered. Under no circumstances will the Firm require prepayment of a fee more than six months in advance or more than \$1200. The Firm may negotiate the financial planning fees and fee payment with the client on an individual basis depending upon the client's individual needs and circumstances. In all such cases, the fees and terms of the agreement will be clearly set forth in the financial planning agreement.

At its discretion **DCM** may waive or offset a portion of the financial planning fees should the client choose to implement the recommendations through IARs in through implementation of a portfolio management program through the Firm.

OTHER COMPENSATION

In addition to the management and financial planning fees described above, individual IA Reps of **DCM** may also be licensed as insurance agents to sell insurance products and may receive insurance commissions for the sale of those insurance products.

This creates a conflict of interest and may offer IA Reps an incentive to recommend insurance products that produce insurance commissions for the IA Rep. When any such recommendations are made, IA Reps will disclose their commissions prior to completing any transaction and will obtain specific consent from the Client before purchasing any insurance product. Additionally, Clients always have the option to purchase insurance products through other agents not affiliated with **DCM**.

Such insurance commissions will be a marginal part (approximately 10 percent) of the IA Reps' business as their primary focus will be the investment advisory business rather than their insurance business. Any insurance commissions will be charged separately through the insurance company or agency and remitted to the IA Rep in their capacity as an insurance agent **DCM** will not receive any insurance commissions paid to its IA Reps.

Any insurance commissions will be in addition to the advisory fees and **DCM** will *not* reduce advisory fees for Clients that purchase insurance products through **DCM** IA Reps. Aside from the insurance compensation described above, neither **DCM** nor any of its IA Reps will accept any compensation for the sale of securities or other investment products.

ADDITIONAL FEES

DCM's fees are exclusive of brokerage commissions, mark-ups and mark-downs, transaction fees and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, dealers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. DCM shall not directly receive any portion of these commissions, fees or costs. Advice offered by DCM may involve investments in mutual funds. All fees paid to DCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (as described in the individual fund prospectus).

IRA ROLLOVER CONSIDERATIONS

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account (IRA) that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover.

Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. You may if you can leave your assets with your employer or may move assets out of their company plan before retirement or change jobs. Consider your options carefully

assets out of their company plan before retirement or change jobs. Consider your options carefully for advantages and disadvantages before making a change. We encourage you to speak with your CPA and/or tax attorney.

PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

DCM does not charge performance-based fees (fees based on gains) and so none of its Clients' accounts will ever be managed side-by-side any performance-based accounts.

TYPES OF CLIENTS

DCM provides portfolio management and financial planning services to individuals, pension and profit sharing plans, trust, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum annual fee or minimum dollar amount to open and maintain an advisory account; however, some sub-advisers may require minimum annual fees or minimum account balances. Additionally, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

For *Financial Planning Services*, **DCM** analyzes the Client's financial goals and objectives, income and spending, savings and investments, risks and insurance needs, asset allocation, and tax implications. This analysis seeks to ensure that the Client's needs are addressed while making progress toward their financial goals and objectives.

For *Portfolio Management Services*, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor the performance and will rebalance as required.

In its technical analysis, **DCM** seeks to determine the future direction of prices through the study of past market data, primarily price and volume. This is done by charting the movement of investments to identify trends and patterns used in the selection of securities to purchase and price points to buy and sell. **DCM** uses several stock screeners and other software to chart and analyze the movement of various investments. Despite the technical analysis performed by **DCM**, any investment in securities carries market risk and investors may lose their principal investment.

For Portfolio Management Services, the investment strategies used will vary depending on the Client's financial goals and risk tolerance. Generally, Clients seeking capital preservation with limited risk will be managed with passive strategies using fixed income products (e.g. bonds) and index funds whereas Clients seeking growth with greater risk will be managed with active strategies using stocks, mutual funds, ETFs, and stock options.

While **DCM** will not engage in day-trading, active strategies may entail additional risk due to a greater frequency in transactions, which may involve additional brokerage fees, transaction costs, and taxes. Also, strategies that use options may entail additional risk as losses may exceed those seen in the underlying stock. Lastly, strategies that include private placement offerings entail greater risk as these offerings have limited regulatory oversight, have less liquidity, and depend on the due diligence of the investor or investment adviser.

DISCIPLINARY INFORMATION

Clients and prospective Clients can always view the CRD records (registration records) for **DCM** or any of its IA Reps through the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov or through FINRA's Broker-Check database online at www.finra.org/brokercheck if the IA Rep is also a broker-dealer agent. The CRD number for **DCM** is **116214** and the CRD numbers for management and IA Reps are listed alongside their biographical information in the accompanying *BROCHURE SUPPLEMENT* document.

On August 30, 2013, DeWaay Capital Management, ("**DCM**") and certain affiliated individuals and entities (collectively, the "Respondents") entered into a settlement with the Department of Labor ("DOL") following DOL allegations of violations of the Employee Retirement Income Security Act of 1974 (ERISA). The matter arose out of sales of market alternative investments by a broker-dealer affiliated with DCM to, among others, certain clients of DCM who were participants in ERISA-covered employee benefit plans. The sales allegedly occurred between May 2007 and November 2011, and the DOL alleged that certain Respondents received non-level fees in connection with the market alternative investments. The Respondents maintained, among other things, that fees were fully disclosed, that the market alternative investments were separate and apart from clients' actively managed accounts; and that clients saved money over what clients would have incurred had the market alternative investments been subject to an annual management fee. In the settlement, the DOL agreed not to pursue any civil action regarding its various allegations. The Respondents, among other things, agreed to comply with ERISA to ensure that certain disclosures are made to Plan participant clients regarding fiduciary duties, conflicts of interest; services and fees; to ensure a level fee arrangement where any Respondent recommends to an ERISA-covered clients; an investment where a Respondent expects to acquire an interest or receive compensation or other payments; to not market securities other than publicly traded securities to ERISA-covered

Clients; and to charge ERISA-covered clients only such investment advisory fees that are set forth in signed advisory agreements. Additionally, Don DeWaay, agreed (i) to refund \$327,273 of commissions, due diligence and marketing fees received the market alternative investments purchased by clients participating in ERISA plans between May 2007 and November 2011; (ii) to pay the DCM 401 (k) Plan \$14,213.95; (iii) to pay penalties of up to approximately \$54,000. To avoid the additional time and legal expenses in the matter, the Respondents agreed to resolve the matter on these terms without admitting or denying the allegations.

In June of 2009, in connection with DFN Partners LP's private securities offering under Regulation D of the Securities Act of 1933, Mr. DeWaay was the primary speaker in a phone call with about twenty prospective investors. Following review by his firm's compliance department, the call was made available by recording the following month, and approximately eleven people listened to the recorded call. FINRA alleged that Mr. DeWaay violated NASD Conduct Rule 2210 (Communications with the Public) in making statements regarding his and his firm's business successes, methods and outlook that were exaggerated, misleading or unwarranted. On August 23, 2013, to avoid incurring additional time and further legal expenses in the matter, Mr. DeWaay made a settlement with FINRA that resulted in a suspension of ten days from affiliating with any broker-dealer, which ended on September 16, 2013 and a fine of \$7500. FINRA did not impose any other penalties Mr. DeWaay agreed to the sanctions without admitting or denying the findings.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

While **DCM** is not an insurance agency, IA Reps of **DCM** may be licensed as independent insurance agents and have affiliations with the various insurance companies whose products they sell. When such recommendations or sales are made, a conflict of interest exists as commissions are earned for the sale of those products. **DCM** requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, **DCM** requires IA Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with **DCM**.

Don DeWaay is 100% owner of The Profit Zone, LLC which provides among other things consulting and coaching to small and midsize business owners concerning leadership, management and operations. The Profit Zone also sponsors events and membership programs for a fee. We may use, suggest, or recommend the services of our affiliated entities listed above. The referral arrangements we have with some of our affiliated entities present a conflict of interest because we may have a financial incentive to recommend investments in or the services offered by our affiliates. You may obtain comparable services and/or lower fees through other firms. Such arrangements may involve sharing or joint compensation, or separate compensation subject to proper disclosures and the requirements of applicable law.

CODE OF ETHICS, Participation or Interest in Client Transactions and Personal Trading

Pursuant to SEC Rule 204A-1 **DCM** has a Code of Ethics that promotes the fiduciary duty of **DCM** and its IA Reps. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment adviser and its Clients and establishes policies and procedures to ensure that **DCM** and its IA Reps place the interests of the Clients first. The Code of Ethics requires that **DCM** and its IA Reps follow industry “best Practices” involving: confidential information, suitability of investments, personal trading on the part of **DCM** and its IA Reps, outside business activities of IA Reps, and the disclosure of conflicts of interest

A copy of the Adviser’s Code of Ethics is available upon request for any Client or prospective Client.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

While **DCM** has no proprietary interest in Client transactions, its IA Reps may have a financial interest in those recommended transactions that involve the purchase of an insurance product. As explained in the “OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS” section (page 12), IA Reps of **DCM**, may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Advisory Clients. When such recommendations or sales are made, a conflict of interest exists as the IA Reps will earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. **DCM** requires that all IA Reps disclose this conflict of interest when such recommendations are made. Also, **DCM** requires IA Reps to disclose that Advisory Clients may purchase recommended insurance products from other insurance agents not affiliated with **DCM**. Additionally, IA Reps of **DCM** have an interest in Client transactions insofar as they may personally invest in the same securities recommended to Advisory Clients. These transactions involve a conflict of interest as **DCM** or IA Reps may benefit from an increase in price from subsequent purchases by Advisory Clients. To address this conflict of interest, **DCM** and its IA Reps will adhere to the following procedures regarding their personal trading:

Client transactions will always be placed ahead of those for **DCM**, its management, and its IA Reps. **DCM** and its IA Reps will mostly recommend investments that are widely traded;

DCM in rare instance where private placement offerings are recommended to Clients and an IA Rep also has an ownership interest in the private offering, full disclosure will be given so the Client fully understands that conflict of interest; and

Neither Advisory Clients nor IA Reps will have enough funds invested in any given security to move the market in that security.

BROKERAGE PRACTICES

DCM participates in the institutional advisor program offered by TD Ameritrade Institutional. TD Ameritrade institutional is a division of TD Ameritrade Inc, member FINRA/SIPC/NFA an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade has a program now web-based and available at no additional cost for all TD Ameritrade Institutional accounts. The program offers proactive rebalancing alerts when action is recommended based on DCM rules, tax considerate, household-level portfolio rebalancing, dynamic tax loss harvesting and other tactical capabilities. Other options include extensive cash management functions, highly customizable settings to rebalance accounts according to specific needs and a streamlined order approval and execution workflow, including setting parameters for block trades and allocation of trades. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as the brokerage services or research. We may combine multiple orders for shares of the same securities purchased for advisory accounts known as “block trading”. Accounts owned by our firm or persons associated with our firm may not participate in block trading with your accounts.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Research products and services, **DCM** may receive could include economic surveys, data, and analyses; (or the broker-dealer/custodian selected by the Client) for the execution of transactions and will not direct trades to specific brokers. As such, Clients may not receive the lowest price possible if they were to have their trades directed to specific brokers. Other benefits include the following products and services (provided without cost or at a discount); receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving **DCM** participants. These products and services may assist **DCM** in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. As part of its fiduciary duties to clients, **DCM** endeavors to put the interests of its client first. Clients should be aware, however, that the receipt of economic benefits by **DCM** or its related persons in and of itself creates a potential conflict of interest and may indirectly influence **DCM**’s choice of TD Ameritrade for custody and brokerage services.

REVIEW OF ACCOUNTS

For Portfolio Management Clients, **DCM** reviews all Clients’ account holdings on an ongoing basis and reviews individual Client accounts periodically or in response to client requests. To ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances. Accounts will be reviewed by Mr. Don DeWaay, CEO or by Jon Barton, analyst.

For Financial Planning Clients, **DCM** reviews the Client’s account in the initial preparation of a Comprehensive Financial Plan and may review the Client’s account during a Separate Financial Planning Consultation, but does **not** review those accounts again unless engaged for an Annual Financial Plan Review. Financial Planning Clients are encouraged to meet with **DCM** at least once per year to review their account, ensuring that their financial plan aligns with their current financial condition, goals and objectives.

CLIENT REFERRALS AND OTHER COMPENSATION

TD Ameritrade Institutional Customer Program

As disclosed above under Item 12 Brokerage Practices, we participate in TD Ameritrade's Institutional Customer Program and we may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money manager; discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These services are intended to assist us in managing and administering Client accounts. As part of our fiduciary duties to our clients, we endeavor, always to put the interest of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or Associated Persons creates a potential conflict of interest.

CUSTODY

Clients will engage an independent broker-dealer and custodian to maintain their accounts and so **DCM** will not have physical custody of Clients' assets, monies, or securities. However, since **DCM** may withdraw advisory fees directly from Clients' accounts (as described in the "FEES AND COMPENSATION" on pages 7 through 9 of this brochure), **DCM** is considered to have custody in a limited capacity. Again, this custody is due solely to the direct withdrawal of fees and does not entail all the same legal and regulatory requirements as an investment adviser with physical custody of Clients' assets, monies, or securities. Accordingly, Clients will only receive account statements from their broker-dealer and custodian (though **DCM** may send invoices or other communication).

As described in the "ADVISORY BUSINESS" section (pages 3-6 of this **FIRM BROCHURE**), **DCM** will have investment discretion for those Advisory Clients that elect Discretionary Portfolio Management Services. Clients will select this option specifically in **DCM** Investment Advisory Agreement and will sign a trading authorization form with their broker-dealer/custodian. However, **DCM**'s investment authority may be subject to specified investment objectives and guidelines, and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio. Such guidelines and/or conditions must be in writing, and the can amend these conditions at any time. In limited circumstances where the Firm enters into a non-discretionary arrangement with client, the Firm will obtain client approval prior to the execution of a transaction.

INVESTMENT DISCRETION

As described in the “Advisory Business” section (pages 3-6 of this Firm Brochure), DCM will have investment discretion for those Advisory Clients that elect Discretionary Portfolio Management Services. Clients will select this option specifically in **DCM** Investment Advisory Agreement and will sign a trading authorization form with their broker-dealer/custodian.

When Advisory Clients grant discretionary authority **to DCM**, Clients may still place restrictions on the advisor, such as a prohibition on investing in specific securities, industries, or markets that the Client chooses. Additionally, unless specifically instructed otherwise by the Client, **DCM** seeks to maintain diversified investment portfolios for its Portfolio Management Clients and will not concentrate more than specified investment objectives and guidelines, and/or conditions imposed by the client. Such guidelines and/or circumstances, must be in writing and the client can amend these conditions at any time.

VOTING CLIENT SECURITIES

As a matter of firm policy and practice, **DCM** does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The client should receive proxy materials directly from the account custodian. However, in the event **DCM** were to receive any written or electronic proxy material, we would forward them directly to the client by mail, unless the client has authorized contact by electronic mail, in which case, we would forward any electronic solicitation to vote proxies. **DCM** may provide advice to clients, the Firm will obtain client approval prior to the execution of a transaction,

FINANCIAL INFORMATION

DCM bills portfolio management fees quarterly in advance based on the value of the assets under management on the last business day of the preceding calendar quarter. Fees are assessed pro-rata in the event the client agreement is executed at any other time than the first day of a calendar quarter. In such cases, the fees are assessed on the first day of the following quarter along with the regular quarterly portfolio management fee for the upcoming quarter. Please refer to the additional information section item 20 for disclosures related to our financial condition. **DCM** has not been the subject of a bankruptcy proceeding.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

DCM has only one principal executive officer (or management person): Donald G. DeWaay. His biographical information is given on the attached BROCHURE SUPPLEMENT document.

Under the “OTHER COMPENSATION” section of this FIRM BROCHURE, explains that IA Reps of **DCM** may also be licensed as insurance agents and may receive insurance commissions for the sale of insurance products. This activity and the conflicts of interest associated with it are discussed at greater length in the “OTHER COMPENSATION” subsection on page 9 of this FIRM BROCHURE.

DCM would be required to disclose additional information if it: were to charge performance- based fees; had any other relationship or arrangement with any issuer of securities; or was ever found liable in either: (a) an arbitration, or (b) a civil, self-regulatory organization, or administrative proceeding.

Additional Information

On or around January 9, 2012, Donald DeWaay, DeWaay Capital Management, Inc. (“DCM”) and other affiliates were named as defendants in two class-action lawsuits involving DeWaay Financial Network, LC, et al (LACV6033 and LACV6034) in the District Court of Decatur County Iowa. The actions involved claims related to the sale of certain private placement investments to the plaintiffs and putative class members by the defendants. The plaintiffs claimed, among other things, that defendants failed to exercise due diligence in vetting the various investments and/or that certain investments were not appropriate for the individual investor. Plaintiffs sought for themselves and all similarly-situated investors rescission and/or compensatory damages plus interest, costs and attorneys’ fees.

On January 30, 2013, a hearing was held on the issues of certification of the putative classes and approval of a proposed settlement. The District Court of Decatur County Iowa concluded the following:

1. That the motion to consolidate the class actions should be granted.
2. The class should be certified as consisting of all those investors who purchased one of the named securities (Exhibit on file with the court) from any of the defendants.
3. The class should be certified as a non-opt out, limited-fund class. In that connection, the temporary injunction previously entered herein shall be made permanent.
4. The proposed settlement agreement should be approved in its entirety, with the settlement amount being \$3million, \$200k of which would be paid by DCM.
5. Fees, expenses and awards are approved to be paid from the settlement funds.
6. That counsel should prepare and submit to the court for signature a formal judgment entry.

On 04/15/2013, the court issued a Ruling Regarding Class Certification and Approval of Final Settlement consistent with the above.

On 05/31/2013, the court issued an Order of Final Settlement, Approval and Judgment.

Subsequently, on 06/25/2013, a notice of appeal was filed with the Iowa Court of Appeals.

On March 25, 2015, the Court of Appeals of Iowa reversed in part and remanded for further proceedings the district court’s previous ruling.

A hearing was held on October 16, 2015, a renewed motion to certify the class.

On December 3, 2015, the District Court of Decatur County ruled October 16, 2015 on motions to lift the stay filed by the intervenors and the joint motion filed on behalf of the plaintiffs and defendants for an additional evidentiary hearing and to recertify the class. The Court denied the joint motions. The Court granted the motion to lift the stay of previously filed arbitrations and/or other legal actions. The ruling became effective on December 24, 2015.

Because the class was not recertified, the Gordon Mosher and Philip Metcalf, et al. v DeWaay Financial Network, LLC, et al, case no. LACV006034 and Wayne Edgerton, et al v. DeWaay Financial Network, LLC, et al., case no. LACV006033 proceeded in Decatur County, Iowa but not as class actions. The Mosher case was subsequently resolved. The company is considering the effect of this ruling on a variety of matters, including, among others, its impact on the company's future operations, its potential liabilities and substantial costs relative to outstanding arbitration mattersⁱ and to notes issued by the company in 2009 (in excess of \$2 million) in connection with a settlement relating to notes issued by IPofA 5201, LLC.ⁱⁱ

Several of the FINRA arbitrations or other matters were resolved, including the following matters: 11-04558 (Vermeer); 13-01409 (Bak); 11-04515 (Hansen); 11-04765 (Siebke); 11-0361 (Costlow); 11-03977 (Kunz)

Iowa District Court, Decatur County, no. LACV006034 (Metcalf); Iowa District court, Decatur County, no LACV006034 (Mosher)

ⁱ FINRA No: 11-04415, 11-04460, 11-04516, 11-04528, 11-04691, 11-01820, 11-01818, 12-00750, 12-00368, 12-00323, 12-00178, 12-00749. Additional information regarding these pending matters and Mr. DeWaay can be found at www.adviserinfo.sec.gov.

ⁱⁱ In 2007, certain DCM clients purchased certain promissory notes (the IPofA Notes) issued by IPofA 5201 Lender, LLC ("5201Lender"), through DCM and its affiliated broker-dealer firm DeWaay Financial network. On or around November 15, 2007, 5201 Lender filed Chapter 11 Bankruptcy in the United States Bankruptcy Court for the Southern District of New York. In 2009, DCM issued notes in order to return to clients' monies invested and lost in the IPofA Notes.