



200 Eagle Road, Suite 230

Wayne, PA 19087

610-975-4435

March 20, 2018

This Brochure provides information about the qualifications and business practices of DeWitt Capital Management. If you have any questions about the contents of this Brochure, please contact us at 610-975-4435 or [dtdewitt@dewittcm.com](mailto:dtdewitt@dewittcm.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

DeWitt Capital Management is an investment adviser located in the State of Pennsylvania. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2. Material Changes**

This Brochure, dated March 20, 2018, is an update from our previous brochure dated March 20, 2017. Changes to this brochure include the following changes:

- Item 4 was amended to report regulatory assets under management as of December 31, 2017.
- Disclosure was provided regarding the risk of illiquidity for certain investments recommended by DeWitt.

Currently, our Brochure may be requested by contacting David T. DeWitt, President, at 610-975-4435 or [dtdewitt@dewittcm.com](mailto:dtdewitt@dewittcm.com). Additional information about DeWitt Capital Management is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with DCM who are registered, or are required to be registered, as investment adviser representatives of the firm.

## TABLE OF CONTENTS

<u>Item 1 – Cover Page</u> .....	i
<u>Item 2 – Material Changes</u> .....	ii
<u>Item 3 -Table of Contents</u> .....	iii
<u>Item 4 – Advisory Business</u> .....	1
<u>Item 5 – Fees and Compensation</u> .....	2
<u>Item 6 – Performance-Based Fees and Side-By-Side Management</u> .....	4
<u>Item 7 – Types of Clients</u> .....	4
<u>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</u> .....	4
<u>Item 9 – Disciplinary Information</u> .....	5
<u>Item 10 – Other Financial Industry Activities and Affiliations</u> .....	5
<u>Item 11 – Code of Ethics</u> .....	5
<u>Item 12 – Brokerage Practices</u> .....	6
<u>Item 13 – Review of Accounts</u> .....	7
<u>Item 14 – Client Referrals and Other Compensation</u> .....	8
<u>Item 15 – Custody</u> .....	8
<u>Item 16 – Investment Discretion</u> .....	8
<u>Item 17 – Voting Client Securities</u> .....	8
<u>Item 18 – Financial Information</u> .....	9
<u>Privacy Policy</u> .....	9

#### **Item 4. Advisory Business**

DeWitt Capital Management (“DCM”) is an investment adviser located in the State of Pennsylvania. The firm was founded in 1996 by David T. DeWitt, owner and President of the firm. The firm’s main office is located in Wayne, Pennsylvania.

DCM offers investment management services to its clients for a fee. DCM provides investment supervisory services to clients on a discretionary basis. DCM monitors clients’ portfolios on a continuous basis and makes appropriate changes to the portfolio holdings as needed to maintain the objectives and policies of the account. DCM is responsible for the monitoring, review and trading recommendations in the managed account.

DCM also offers services to other investment advisors whereby DCM acts as sub-advisor to certain client accounts. DCM offers a strategy of investment management that creates portfolios made up of master limited partnerships (“MLPs”). MLPs are limited partnerships that are publicly traded on securities exchanges. DCM designs strategies to take advantage of the tax benefits offered by limited partnerships, while allowing for the liquidity afforded by publicly traded exchanges. In addition to offering these investment strategies to its own clients, DCM acts as sub-advisor to other investment advisors who wish to utilize DCM’s expertise in this area to benefit their own clients. DCM enters into written agreements with these other investment advisors to provide sub-advisory services.

#### **General Information Related to Investment Recommendations**

DCM continually seeks the best security candidates for client investment. Although DCM may choose client investments from the universe of securities available, DCM specializes in choosing investments from the pool of publicly traded companies or private offerings located within the “Delaware Valley” of Pennsylvania. DCM analyzes a potential company for investment by reviewing such factors as: earnings per share trends; balance sheet strengths and weaknesses; and discovery of additional information in companies which have little or any research coverage which makes the company more valuable than its current market capitalization in DCM’s opinion, and technical factors such as: trading volume, moving average changes, and net insider buying and selling, and other technical factors identified in study materials provided by the Market Technicians study material. DCM also evaluates management through such sources as: personal meetings, evaluating information in the local news; and ascertaining the views of competitors, suppliers, and customers towards the company and its management.

DCM offers an investment strategy it calls MLP Tax Deferred Income and Growth Strategy, which is designed to produce high cash distributions by investing in publicly traded securities that have a history of raising their distributions. This strategy uses incoming

generating master limited partnerships which trade on the NYSE or NASDAQ to provide increasing income to clients.

In some cases where the firm deems it appropriate for the client, DCM may refer clients to private placement offerings or unlisted investment companies for which DCM may or may not receive compensation. If compensation is earned, such compensation may be in the form of a referral fee or other cash payment, or in some cases, DCM may receive shares of stock in the offering. Such offerings involve a certain degree of risk, including the risk of illiquidity, and clients should receive the prospectus or offering materials carefully.

### **Assets Under Management**

As of December 31, 2017, DCM was providing investment advisory services for which the total value of assets under management for which DCM provides regular and continuous investment management services was \$108,107,783 held in 117 discretionary accounts.

### **Item 5. Fees and Compensation**

As compensation for the investment management services described in Item 4 above, DCM charges an annual fee, based on a percentage of the total market value of the client's assets as determined by the custodian at the end of each quarter. All clients are subject to at least a minimum annual fee of \$2,000. The asset management fee is payable quarterly in advance and will be pro-rated for the portion of a quarter in which an account is established or terminated. Fees will generally be deducted directly from the client's brokerage account pursuant to a written standing authorization from the client. In some cases, DCM may allow clients to pay fees directly, by check, following the presentation of an invoice. Fees are generally based on the fee schedule listed below:

#### **ASSET MANAGEMENT FEE SCHEDULE**

<b><u>Account Balance</u></b>	<b><u>Fee:</u></b>
Up to \$5,000,000	1.50%
Next \$5,000,000	1.25%
Above \$10,000,000	1.00%

In addition to the above fees, clients may be subject to administrative, transaction or custodial fees imposed by the custodian at which the client's assets are held.

For sub-advisory services, DCM receives a portion of the advisory fee charged to the client by the investment advisor with whom DCM has established the sub-advisory relationship.

The specific fee earned by DCM for its sub-advisory services will be detailed in the written agreement executed by DCM and the investment advisor.

In some cases, where the firm deems it appropriate for the client, DCM may refer clients to private placement offerings for which DCM may or may not receive compensation. If compensation is earned, such compensation may be in the form of a referral fee or other cash payment, or in some cases, DCM may receive shares of stock in the offering. This compensation would be based on the private placement referral only, and would be in addition to, any investment management fees described above.

### **General Information Related to Fees and Compensation**

While DCM has established the above referenced fee schedule, the firm may negotiate fees under certain, limited circumstances, at its sole discretion. Multiple accounts from the same investor may be combined for fee purposes. Factors considered when determining whether a different fee will be negotiated include, among other things, the complexity of the client's financial situation, related accounts under management, portfolio style, and the provision of other services provided to the client. Clients will receive advance written notice of any change in their applicable fee schedules. Investment advisory services provided by DCM may cost a client more or less than advisory services offered by other investment advisors. DCM will not be compensated on the basis of a share of capital gains in a client's account.

In addition to advisory fees, clients may be subject to custodial and account fees charged by account custodians or broker/dealers with whom clients establish accounts. Such additional fees may include, but are not limited to, transaction charges, custodial fees, IRA fees and other account administrative fees. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure. Clients may also be subject to internal management fees or other product fees as disclosed in applicable product prospectuses or offering materials.

Clients have the option of purchasing investment products through any broker/dealer of their choice; however, DCM may not be able to provide investment management services for assets purchased away from custodians recommended by DCM.

Clients may terminate investment advisory agreements at any time upon prior written notice. If an agreement is terminated within the first 5 business days, clients are entitled to a full refund of any fees paid. If an investment advisory agreement is terminated after more than 5 business days, clients will be assessed fees on a pro-rata basis, and any unearned pre-paid fees will be refunded where applicable. Clients are responsible to pay fees for services rendered up until notice of termination is received by, or provided by DCM.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

DCM does not charge performance-based fees.

## **Item 7. Types of Clients**

DCM provides investment advisory services to individuals, high-net worth individuals, trust, estates and charitable organizations. DCM will typically only engage clients with a minimum of \$500,000 in assets under management. This minimum account size may be waived or househanded at the sole discretion of DCM.

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

Generally, a college degree and several years' experience in the securities industry, including experience in money management or analysis of securities is required for individuals who are directly involved in the decision making process concerning the portfolios.

As stated previously, DCM continually seeks the best security candidates for client investment. DCM may choose client investments from the universe of securities available. DCM analyzes a potential company for investment by reviewing such factors as: earnings per share trends; balance sheet strengths and weaknesses; and discovery of additional information in companies which have little or any research coverage which makes the company more valuable than its current market capitalization in DCM's opinion, and technical factors such as: trading volume, moving average changes, and net insider buying and selling, and other technical factors identified in study materials provided by the Market Technicians study material. DCM also evaluates management through such sources as: personal meetings, evaluating information in the local news; and ascertaining the views of competitors, suppliers, and customers towards the company and its management.

DCM offers an income and growth strategy called the MLP Tax Deferred Income and Growth strategy. This is a long term strategy designed to provide rising tax deferred income as well as growth in principal. The investment process relies primarily on investing in Master Limited Partnerships (MLPs) which compose an emerging asset class. MLPs trade on the NYSE or NASDAQ and are involved in the transportation, processing, storage, production, exploration and distribution of non-renewable forms of energy. This includes oil, natural gas, natural gas liquids, and coal. The tax from the distributions is deferred until the MLP is sold. Under current tax law, units held at death will receive a stepped up cost basis with the elimination of the deferred tax liability.

MLPs pay no corporate income tax, thereby allowing the more cash to flow to the unit holders. The unit holder receives the depreciation of the pipelines and other energy infrastructure assets which reduces the taxes due on the cash flow received. The investor

receives a yearly K1 which gives an accounting of his or her share of the partnership. The taxable portion of distributions received by the unit holder is disclosed in the K1.

DCM uses research from a variety of sources including most of the major research provided by firms who conduct investment banking, as well as third parties who have no investment banking relationships, and our own internal valuation metrics. In addition, meeting with industry contacts and management, participating in conference calls, analyzing quarterly and annual reports, 10ks and 10qs, make up the bulk of DCM's research efforts.

For all other investment management clients, DCM uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include long-term investment strategies that take advantage of market inefficiencies. All securities investments involve risk and clients may lose all or part of their investment. Investments may also be subject to the risk of illiquidity and clients should refer to product offering material for disclosure related to liquidity. Clients who elect to invest in securities must be willing to bear this risk.

#### **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 DCM or the integrity of DCM' management. DCM has no reportable information applicable to this Item.

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

DCM is engaged in no other business other than the businesses described herein, nor does it offer products or services other than those described herein.

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

DCM has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain DCM' reputation as a firm that operates with the highest level of professionalism. DCM recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of DCM are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the DCM Code of Ethics will be provided to any client or prospective client upon request.

DCM's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, DCM employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain



transactions altogether. DCM's Code of Ethics also sets forth the obligation of all DCM employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by DCM. Finally, DCM's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

DCM or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. DCM or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. DCM, its owners, officers and employees are prohibited from trading on material nonpublic information. DCM does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. DCM endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. DCM also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients.

DCM prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. DCM also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer. DCM, its owners, officers and employees, do not recommend to clients that they buy or sell securities in which a person associated with DCM has a material financial interest.

## **Item 12. Brokerage Practices**

If the client has not selected a broker-dealer through which transactions should be executed, DCM will suggest those brokers or dealers which provide best execution taking into consideration, the reasonableness of commissions, the broker's ability to provide timely, professional client services, research and other services that assist DCM in its investment management business. DCM makes every effort to ensure that clients are receiving quality execution of investments, however, best execution can never be guaranteed.

As stated in Item 10 above, DCM generally recommends that clients maintain brokerage accounts at the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"). DCM does not earn any commissions for the execution of securities transactions at Schwab.

DCM is typically not able to negotiate commission rates charged by Schwab; however, DCM believes that the custodial and execution services provided by Schwab are of a quality and competitiveness that is beneficial to DCM clients. DCM cannot guarantee best execution. DCM will not purchase for its advisory client accounts any security that is part of a syndicate or underwriting offered by Schwab without the specific prior written approval of the client. DCM provides investment advisory services on a discretionary basis; however, clients are free to place restrictions on investment recommendations made by DCM. Transactions executed by Schwab are subject to the transaction and execution fee schedule in effect at the time of execution. Therefore, brokerage and investment advisory services offered by DCM may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

In some cases, DCM may aggregate client trades or execute “block” trading. The firm does not always aggregate client transactions as accounts are managed on an individual basis. However, blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. If DCM determines that it is advantageous to customers to execute block transactions, clients participating in any aggregated transactions will receive an average share price and transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client’s account status at the custodian.

As part of its fiduciary duty to clients, DCM endeavors at all times to put clients’ interests first. DCM may receive research materials from custodians or broker/dealers with whom client transactions are executed. This may be an economic benefit to DCM; however, the receipt of this research is not dependent upon DCM’s execution of customer transactions or custody of client assets. Clients should be aware that the receipt of economic benefits by the firm in and of itself creates a potential conflict of interest. While DCM feels the quality of custodial services provided by broker/dealers recommended by DCM is beneficial to clients, the firm cannot guarantee that best execution will be obtained. DCM does not recommend broker/dealers in order to receive client referrals from such broker/dealers.

### **Item 13. Review of Accounts**

David T. DeWitt performs all account reviews. On a daily basis, Mr. DeWitt monitors market conditions as well as significant developments related to any portfolio holdings in clients’ accounts. On a quarterly basis, Mr. DeWitt conducts an in-depth review of each client’s account and a quarterly performance report is generated for the client. Such report will include account valuation detailing the performance of the account including any unrealized or realized profits or losses. Clients will also receive normal and customary brokerage or custodial statements from the custodians at which their assets are held. These brokerage or custodial statements are typically generated whenever there is activity

in the account or at least quarterly. Clients should carefully compare the information provided in reports generated by DCM with the information provided by the account custodian.

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

As discussed previously, the sole business of DCM is that of providing the investment advisory services described herein. DCM has arrangements with select third-parties who occasionally solicit clients or provide client referrals to DCM. These solicitors enter into written Solicitor's Agreements with DCM, pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. They are typically third-parties with whom DCM associates have business relationships. Solicitors are compensated in the form of a Solicitor's Fee, which is fully disclosed to the client at the time of the referral. Use of Solicitors will not increase or decrease the level of advisory fees charged to a client who was referred by a Solicitor.

#### **Item 15. Custody**

DCM does not maintain custody of client funds or securities except to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Clients receive normal and customary custodial account statements at least quarterly, which detail the amount of advisory fees debited from an account. Clients are strongly encouraged to review all statements carefully. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

#### **Item 16. Investment Discretion**

DCM does accept discretionary authority to manage securities accounts on behalf of clients. All clients grant DCM limited power of attorney over the managed account which gives DCM the power and authority to supervise and direct the account investments including the authority to buy, sell, exchange, convert or otherwise trade in any security, or any other investment product including individual stocks, bonds and mutual fund shares on behalf of the client. The primary factor in the selection of a financial product for a client is the suitability of the product for the client.

#### **Item 17. Voting Client Securities**

DCM does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While DCM may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

## **Item 18. Financial Information**

DCM does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. DCM is therefore not required to include a financial statement or balance sheet with this brochure.

DCM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. DCM has not been the subject of any bankruptcy petition.

## **Privacy Policy**

DCM maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. DCM collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

DCM may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, DCM may have to provide information about clients to regulatory agencies as required by law. Otherwise, DCM will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

DCM is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. DCM also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.