

## Item 1: Cover Page

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d/b/a Detterbeck Wealth Management**

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This brochure provides information about the qualifications and business practices of DWM Financial Group, Inc. d/b/a Detterbeck Wealth Management. If you have any questions about the contents of this brochure, please contact us at 847-934-6262 or email [info@dwmgmt.com](mailto:info@dwmgmt.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about DWM Financial Group, Inc. d/b/a Detterbeck Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time there are no material changes.

## 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 .....	5
A. Detterbeck Wealth Management.....	5
B. Advisory Services Offered .....	5
C. Client-Tailored Services and Client-Imposed Restrictions.....	9
D. Wrap Fee Programs.....	9
E. Client Assets Under Management .....	9
Item 5: Fees and Compensation .....	10
A. Methods of Compensation and Fee Schedule .....	10
B. Client Payment of Fees.....	12
C. Additional Client Fees Charged .....	12
D. Prepayment of Client Fees .....	13
E. External Compensation for the Sale of Securities to Clients.....	13
Item 6: Performance-Based Fees and Side-by-Side Management.....	14
Item 7: Types of Clients.....	15
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	16
A. Methods of Analysis and Investment Strategies .....	16
B. Investment Strategy and Method of Analysis Material Risks .....	26
C. Security-Specific Material Risks .....	29
Item 9: Disciplinary Information.....	30
A. Criminal or Civil Actions.....	30
B. Administrative Enforcement Proceedings.....	30
C. Self-Regulatory Organization Enforcement Proceedings .....	30
Item 10: Other Financial Industry Activities and Affiliations.....	31
A. Broker-Dealer or Representative Registration .....	31
B. Futures or Commodity Registration.....	31
C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest.....	31

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest.....	31
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	32
A. Code of Ethics Description.....	32
B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest.....	32
C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.....	32
D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest.....	33
Item 12: Brokerage Practices .....	34
A. Factors Used to Select Custodians for Client Transactions .....	34
B. Aggregating Securities Transactions for Client Accounts.....	39
Item 13: Review of Accounts .....	42
A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved.....	42
B. Review of Client Accounts on Non-Periodic Basis.....	42
C. Content of Client-Provided Reports and Frequency.....	42
Item 14: Client Referrals and Other Compensation.....	43
A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest.....	43
B. Advisory Firm Payments for Client Referrals.....	43
Item 15: Custody .....	44
Item 16: Investment Discretion.....	45
Item 17: Voting Client Securities.....	46
Item 18: Financial Information.....	47
A. Balance Sheet.....	47
B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients .....	47
C. Bankruptcy Petitions During the Past Ten Years .....	47

## Item 4: Advisory Business

### A. Detterbeck Wealth Management

DWM Financial Group, Inc. d/b/a Detterbeck Wealth Management ("Detterbeck Wealth Management" and/or "the firm") is a state-registered investment adviser with its principal place of business located in Illinois. It is registered in the states of Illinois and South Carolina, where a branch office is located in South Carolina. DWM Financial Group, Inc. began conducting business in 1999.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- Lester G. Detterbeck, Chairman of the Board, Secretary, Treasurer, Advisor Representative
- Brett M. Detterbeck, President, Chief Compliance Officer, Head Portfolio Manager, Advisor Representative

### B. Advisory Services Offered

Detterbeck Wealth Management offers the following advisory services to our clients:

- Investment Management Advisory Services
- Financial Planning Advisory Services

Clients can choose one or both of these services to engage in by selecting from our programs menu shown further below.

#### B.1. Investment Management Advisory Services

Detterbeck Wealth Management offers Investment Management Advisory Services to our clients. Detterbeck Wealth Management is a wealth manager for clients with portfolios generally over \$500,000 that takes a more comprehensive view of a client's financial life. As a wealth manager, we not only offer to provide investment management advice, but also offer practical solutions for taxes, retirement, estate planning and asset protection. Detterbeck Wealth Management can offer to help investors at various points in their financial journey, helping them choose the appropriate strategies for their current asset levels, risk tolerances and time horizons.

Our Investment Management Advisory Services is a fee-only investment program designed to achieve reasonable long-term returns for a given level of risk. The goal is to provide top quality, professional investment services including analysis of client risk tolerance and financial goals, specific portfolio investment recommendations based on individual client needs, portfolio management which is regularly monitored, and issuance of quarterly performance reports.

Through personal discussions and meetings with the client in which goals and objectives based on a client's particular circumstances are established, we develop and clients approve a personal investment policy statement. We create and manage a portfolio based on that policy. During

our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, liquidity needs, and other significant items.

Clients wanting to engage Detterbeck Wealth Management will be urged to establish an account with Charles Schwab & Co., Inc. or another agreed upon custodian and grant trading authorization to Detterbeck Wealth Management. Based on the client's investment objectives, risk tolerance, and financial situation, Detterbeck Wealth Management will manage the account on a continuous basis. Clients who choose another custodian are advised that the custodian must be able to provide duplicate statements and confirmations to Detterbeck Wealth Management and accept trades from Detterbeck Wealth Management.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding certain securities as listed and described in Item 8 of this Brochure. Because some types of investments involve certain additional degrees of risk, they will only be recommended/ implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients have the right to decline any investment recommendation.

Detterbeck Wealth Management does not represent, warrant or imply that the services or methods of analysis used by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. The client is advised that the investment recommendations and advice offered by Detterbeck Wealth Management are not legal advice or accounting service. The client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. The client is advised that it is necessary to inform us promptly with respect to any changes in the client's financial situation and investment goals and objectives. Failure to notify us of any such changes could result in investment recommendations not meeting the needs of the client.

#### **B.1.a. Schwab Institutional Intelligent Portfolios®**

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key

parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5: Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

## **B.2. Financial Planning Services**

Detterbeck Wealth Management offers to provide financial planning services. The Financial Planning Association (FPA) defines Financial Planning as the long-term process of wisely managing your finances so you can achieve your goals and dreams, while at the same time negotiating the financial barriers that inevitably arise in every stage of life. Remember, financial planning is a process, not a product. As such, Detterbeck Wealth Management offers to help you develop well-defined goals and create a road-map to appropriate strategies to potentially turn those dreams into reality via written financial plans and ongoing financial advice.

Detterbeck Wealth Management follows the CFP® 6-Step Process:

1. Establishing and defining the client-planner relationship
2. Gathering client data including goals
3. Analyzing and evaluating your financial status
4. Developing and presenting financial planning recommendations and/or alternatives
5. Implementing the financial planning recommendations
6. Monitoring the financial planning recommendations

Detterbeck Wealth Management uses financial planning software and other tools to analyze all aspects of one's finances in the following areas:

- Cash Flow Management
- Education Funding
- Financial Independence Planning

- Pre- and Post-Retirement
- Asset Allocation and Modeling
- Risk Profiling
- Estate Planning
  - Proactive coordination with your estate attorney
  - Charitable Planning
  - Succession Planning
- Tax Planning – proactive coordination with your accountant and/or tax attorney
- Insurance / Risk Management Planning – proactive coordination with your insurance agent

Using all of the information above, Detterbeck Wealth Management can help clients develop a financial plan and can provide ongoing financial planning advice.

### **B.3. DWM Programs Menu - How to incorporate these services**

- Total Wealth Management – Investment management (“IM”) and financial planning (“FP”) advisory services for clients with investment portfolios greater than \$500,000; includes the following services:

#### *Financial Advisory*

- Comprehensive initial financial review
- Regular, at least quarterly, financial review update
- Ongoing proactive advice
- Collaborative, responsive coordination with client’s other professionals
- Ad hoc advice via phone or email

#### *Investment Management*

- Investment review of all accounts
- Investment portfolio construction and implementation of all managed accounts
- Consolidation of all investments, including managed and unmanaged, using firm’s ByAllAccounts system
- Regular rebalancing
- Reporting and cashiering
- Fees: ongoing management fee based on AUM

- DWM Emerging Investor Program – IM and FP advisory services for clients with investment portfolios greater than \$100,000 with anticipated future additional assets; includes the following services:
  - Upfront financial review
  - Ongoing financial advice including at least annual updating of net worth and financial independence retirement scenarios



- Coordination of transfer of investment accounts, implementation, and ongoing investment management services
- Fees: ongoing management fee based on AUM
- Planning Only Program (P.O.P.) – Fee-only financial planning advisory as a stand-alone service; no investment management services
  - Upfront financial review / development of financial plan
  - May receive ongoing financial advice depending upon nature of relationship
  - Fees: annual retainer fee, fixed fee, and/or hourly fee (\*may be waived if client advances to TWM or Emerging Investor Program)

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is not an indication of future performance. Detterbeck Wealth Management cannot offer any guarantees or promises that client's financial goals and objectives will be met.

### **D. Wrap Fee Programs**

Detterbeck Wealth Management does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2017, Detterbeck Wealth Management manages \$147,551,900 on a discretionary basis, and \$15,718,800 on a non-discretionary basis.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Management Advisory Services

The annualized fee for Investment Management Advisory Services will be charged as a percentage of assets under management according to the level agreed upon and confirmed via the Financial Advisory Agreement signed at onset of relationship. Our fee structure is as follows and may be negotiated on a case-by-case basis:

<u>Portfolio Size</u>	<u>Annual fee</u>
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 - \$2,999,999	0.90%
\$3,000,000 - \$3,999,999	0.80%
\$4,000,000 - \$4,999,999	0.70%
\$5,000,000+	Negotiable

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. DWM may group certain related client accounts for the purpose of achieving the minimum account size and determining the annualized fee.

We retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reporting level, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client. Fees may be adjusted with written notice to client.

Fees are charged quarterly in advance and are directly debited from client accounts. In the initial calendar quarter, the fee calculation is assessed on a pro rata basis based on the date within the calendar quarter on which the client's assets are designated to be managed by DWM, and payable in arrears once the quarter is concluded. Fees may be quoted on a fixed-fee basis.

The standard fee schedules and minimum account sizes are negotiable, and as a result, clients with similar assets may have differing fee schedules. Clients who negotiate a flat fee schedule may pay a higher fee than those who pay under a tiered schedule, depending on asset levels. Furthermore, the same or similar investment advisory services may be available from other investment advisers for a lower fee.

We reserve the right to waive the advisory fee on employee accounts.

We may terminate the advisory agreement with you at any time by providing you with written notice. Likewise, you may terminate the advisory agreement at any time by providing us with written notice. Upon termination, any unearned, prepaid fees will be promptly refunded/any earned.

A client agreement may be canceled at any time, by either party in writing, for any reason without penalty within five business days after entering into the advisory agreement with Detterbeck Wealth Management. The client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the account, such as transaction fees for any securities transactions executed, and account maintenance or custodial fees. If a termination occurs during a quarter, the client will be charged on a pro-rata portion of the advisory fee for the quarter up to the date of termination.

## **A.2. Financial Planning Services**

Detterbeck Wealth Management offers ongoing financial planning on an annual retainer fee or hourly fee basis. The fee amount will be determined depending on the nature of the services being provided and the complexity of each client's circumstances. Fees are negotiable and are charged in accordance with the fee schedule below.

Annual Retainer Fee: \$3,000 to \$10,000 – Billed monthly or semi-annually. Contracts will be reviewed at each anniversary date to ensure both parties continue to receive value in the relationship. Clients may terminate at that time. Services include but are not limited to:

- Updating of Financial Plan each year including a review of your net worth, asset allocation, risk profile, risk management, and estate planning
- Periodic meetings to track goals progress and implementation of planning and investment action items
- Observations and recommendations on financial planning and investment portfolio asset allocation
- Assistance and coordination with client's attorney, accountant, and insurance advisors as needed

Hourly Fee: \$200 to \$500 - Payable as invoiced by Detterbeck Wealth Management. Generally, Detterbeck Wealth Management will invoice client for all time spent each month. Client may terminate upon Detterbeck Wealth Management's receipt of clients written notice to terminate. The client will be responsible for any time spent by Detterbeck Wealth Management in providing the client advisory services or analyzing the clients situation.

Fixed Fee: \$3,000 to \$10,000 – Fixed fees are used for one-time planning services, such as creation of a financial plan. We will provide an estimate for the total hours to determine the flat fee at the start of the planning relationship based on the length of time it will take to provide a financial plan given each client's personal situation. Payable one-half (1/2) upon execution of the advisory agreement with Detterbeck Wealth Management and the balance due at the time of presentation of the plan, unless otherwise negotiated with the client. The client may terminate the agreement with Detterbeck Wealth Management and receive a full refund of any pre-paid advisory fees for planning services at any time up to presentation of the financial plan to the client.

The client is advised that fees for financial planning are strictly for financial planning services. Therefore, client may pay fees for additional services obtained such as investment management.

Financial Planning Fee Offset: Detterbeck Wealth Management reserves the discretion to reduce or waive the fixed or hourly fee if a financial planning client (i.e. POP Program) chooses to engage Detterbeck Wealth Management for our Investment Management Advisory Services (i.e. Total Wealth Management Program or Emerging Investor Program).

A client agreement may be canceled at any time, by either party in writing, for any reason without penalty within five (5) business days after entering into the advisory agreement with Detterbeck Wealth Management. The client will be responsible for any fees and charges incurred by client from third parties as a result of maintaining the account, such as transaction fees for any securities transactions executed, and account maintenance or custodial fees. If a termination occurs during a quarter, the client will be charged on a pro-rata portion of the advisory fee for the quarter up to the date of termination.

For financial planning and ancillary advice, we do not require or solicit payment of fees in any amount for any client more than 3 months in advance of services rendered.

## **B. Client Payment of Fees**

Detterbeck Wealth Management requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Detterbeck Wealth Management will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Detterbeck Wealth Management may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Under certain circumstances and as negotiated between client and Detterbeck Wealth Management, Detterbeck Wealth Management may cover a portion of the client's initial transaction fee expenses. Such circumstances may include, but not be limited to, clients who have accounts where a substantial number of trades are necessary to set-up the initial portfolio construction.

For Institutional Intelligent Portfolios™, as described in Item 4: Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12: Brokerage Practices.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

#### **D. Prepayment of Client Fees**

Detterbeck Wealth Management generally requires management advisory fees to be prepaid on a quarterly basis. Detterbeck Wealth Management's fees will either be paid directly by the client or disbursed to Detterbeck Wealth Management by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any unearned, prepaid fees will be promptly refunded/any earned. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### **E. External Compensation for the Sale of Securities to Clients**

Detterbeck Wealth Management advisory professionals are compensated solely through a salary and bonus structure. Detterbeck Wealth Management is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

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

Detterbeck Wealth Management does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

Detterbeck Wealth Management provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (plan participants only)
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. DWM may group certain related client accounts for the purpose of achieving the minimum account size and determining the annualized fee.

For Institutional Intelligent Portfolios™, clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$75,000; however, Detterbeck Wealth Management reserves the right to waive this requirement. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

### A. Methods of Analysis and Investment Strategies

We may use the following methods of analysis in formulating our investment advice and/or managing the client assets:

- *Fundamental Analysis.* We, or the funds we use, attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- *Technical Analysis.* We, or the funds we use, analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.
- *Quantitative Analysis.* We, or the funds we use, use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove incorrect.
- *Qualitative Analysis.* We, or the funds we use, subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and developmental factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.
- *Other Analysis.* We, or the funds we use, analyze mutual funds by tracking the Sharpe ratio (reward per risk unit), style, historical performance, alpha of funds, and other Modern Portfolio Theory methodologies.

We use the following sources of information in addition to the analysis methods listed above:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, and filings with the Securities and Exchange Commission
- Company press releases

Risk for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these



securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Core & Satellite Approach to Investing**

Portfolio management at Detterbeck Wealth Management ("DWM") follows a Core & Satellite approach.

- *Goal of DWM's Core & Satellite approach:* Seeks to provide continuous access to sources of higher expected returns with lower risk that adds value over benchmarks and peers, and to participate in good times and to protect in bad times.
- *Goal of core model:* Seeks to provide higher expected returns with lower risk within the traditional equity & fixed income markets in a cost-efficient manner.
- *Goal of satellite model:* Seeks to provide higher expected returns via investments that do not correlate with the traditional markets, hence obtaining key multi-asset class, diversification benefits for the overall portfolio.

### **DWM Investment Philosophy**

We believe:

- Traditional long-only capital markets (like fixed income and equities) work and price securities efficiently; non-traditional/alternative markets may not.
- We can capture dimensions of expected returns identified by academic research.
- Diversification is key. Comprehensive, global asset allocation can neutralize the risks specific to individual securities.
- Risk & Return are related. The compensation for taking on increased levels of risk is the potential to earn greater returns.
- Portfolio structure explains performance. The asset classes that comprise a portfolio and the risk levels of those asset classes are responsible for most of the variability of portfolio returns.
- We can increase returns through portfolio design and implementation via DWM's Core & Satellite models.

Together core & satellite strategies provide you with a portfolio focused on downside protection and upside participation that ultimately can help you achieve your long-term financial goals.

### **Core Strategies**

- DWM Core 100% Equity Model
- DWM Core 100% Fixed Income Model
- DWM Core Blended Percentage Equity / Fixed Models

### **Why We Use Passive Investments for Our Core Models:**

The Efficient Market Hypothesis states current prices incorporate all available information and expectations and therefore are the best approximation of intrinsic value. "Mispricings" do occur but not in predictable patterns that can lead to consistent outperformance. Active management strategies within traditional long-only markets cannot consistently add value because of higher expenses, transaction costs, and tax ramifications. (However, whereas we believe traditional market places to be efficient, we do not believe the theory to hold true for non-traditional/alternative marketplaces. As such, our satellite models that hold alternative vehicles and strategies employ active mutual funds and ETFs. For more info, see below and/or our Alternatives Factsheet.)

Over long time periods, high fund expenses and related expenses like transaction and taxes can be a significant drag on wealth creation. The DWM Core Equity / Fixed Income Model brings:

- Reduced Expenses- weighted operating expense ratio of approximately 0.35%. Active mutual funds on average charge 1% higher!\*\* (As of August 2012. Data provided by Morningstar, Inc.)
- Reduced transaction costs & taxes- The DWM Core Equity Model is made up of passive mutual funds and ETFs that each typically follow an equity index/benchmark (e.g. large cap, small cap, international, emerging markets, etc). As such, there is little to no turnover, hence minimal tax ramifications.
- Reduced transaction costs & taxes- The DWM Core Fixed Income Model is made up of passive mutual funds and ETFs that each typically follow a fixed income index/benchmark (e.g. investment grade, high yield, international, emerging markets, etc). As such, there is little to no turnover, hence minimal tax ramifications.

Why DWM's Core Models make so much sense now:

- Decreased Return Environment- It's not like the 90s when monkeys could throw darts at a stock publication and pick winners. The days of double-digit returns for years on end are gone. In a decreased return environment, reducing every expense counts and translates directly to your bottom line.

### **DWM Core Portfolio Management**

- Regular rebalancing at a frequency that makes sense. Typically a few times a year, or more often if conditions warrant. There is no need to "churn" accounts.
- Tactical weighting of investment styles. Almost all major equity investment styles (ie large cap, small cap, international, etc) are represented within the Core model. DWM weighs those positions actively to strategically underweight more challenged areas and overweight areas we feel are stronger opportunities.
- Trading efficiency - using the newest trading technology, our streamlined process enables us to rebalance in an extremely efficient manner where every client is treated fairly and gets the same price.
- Best Execution - we always strive to look for the best execution possible for our clients.

- Daily monitoring - we look at every single transaction that takes place in each one of our client's portfolio on a daily basis and take action when necessary.

### **Satellite Strategies**

A traditional portfolio of stocks and bonds is not the answer alone; they're usually great during bull markets, but can be brutal during bear markets. If your first goal is to protect your assets, and your second goal to grow your assets, we suggest incorporating an appropriate mix of non-correlated alternative investments to your portfolio. Many alternatives are designed to participate in up markets and protect in down markets. The potential result: less volatility, less anxiety, more stable returns and greater peace of mind. These alternative investments come in two different flavors:

- *Non-Liquid Alternatives ("NLAs")*: NLA assets are typically not publicly traded and hence not easily redeemable. Examples of these include: equipment leasing, timberland, private real estate and oil & gas limited partnership programs. While NLA investments tend to be less liquid than traditional asset classes, they generally make up for such inflexibility with steady and relatively high yields. For risk management purposes, DWM suggests less than 10% to any one particular non-liquid alternative product within a client's portfolio and no more than 25% to all NLAs combined.
- *Liquid Alternatives ("LAs")*: LA assets are those that use publicly traded securities and are easily redeemable. Examples of these include: commodity funds, public REIT funds, and the thousands of mutual funds that follow hedge-fund like strategies, but without all of the headaches of a private hedge fund. DWM has created a liquid alternative strategy that uses a group of complementary LA funds that are designed to excel in any market environment, and most importantly protect on the downside. More information on the DWM Liquid Alternatives Portfolio can be found below.

In today's market climate, we believe non-correlated, alternative investments are a key element of a high-net worth investor's financial strategy for a portion of their overall portfolio.

### **The DWM Liquid Alternatives Model Portfolio**

The DWM Liquid Alternatives Portfolio was established for the investor seeking less volatility and more absolute-type returns than the equity market. Holdings may include arbitrage funds, global tactical allocation funds, closed-end specialty funds, and market-neutral funds. DWM constantly monitors this dynamic liquid alternative area for fund openings that may represent new opportunities for the DWM LA model and its investors.

### **Liquid Alternatives Philosophy & Overview**

The DWM LA model follows a "low beta" approach. "Low beta" means returns have little correlation to market risk & return. That being said, when there is a bull market, the performance of the model will most likely not be as great as a 100% stock portfolio. However, in a bear market, the model is geared to protect your downside. For example, in 2008, many of these alternative funds held their ground while most equity funds suffered losses of 30% or

more. Liquid alternatives are a great way to potentially add control to your portfolio in these changing economic times by performing in up markets and protecting in down markets.

DWM uses an in-house quantitative research process to identify mutual funds that meet our special criteria. In evaluating potential investments, we focus on non-traditional asset classes and/or non-traditional strategies designed of taking advantage of market pricing anomalies or strong market sectors or other items. Through these filters, we pick our top prospects.

The funds chosen are quite complementary to one another. Some, like closed-end specialty funds are more volatile by nature than market-neutral funds. Together, they create a very powerful portfolio that can potentially excel in any market environment.

The funds chosen are generally picked for the long-term. However, we monitor performance of these securities constantly to see if they are continuing to meet our criteria. Rebalancings are typically semi-annual or more often as appropriate. With new liquid alternative funds hitting the marketplace all the time, constant monitoring of the investment universe is essential to finding the new opportunities and hidden gems.

A fact sheet for each one our DWM Investment Strategies (Core Equity, Core Fixed Income, and (Satellite) Alternatives) is available to our advisory clients and prospective clients. One may request a copy by email sent to [brett@dwmgmt.com](mailto:brett@dwmgmt.com), or by calling us at (847) 934-6262.

### **Risk of Loss**

Securities investments are not guaranteed and you may lose money on your investments. It is impossible to predict the future and there is no assurance that we will attain your objectives or that any investment recommendation/strategy will be profitable. Selecting one of our investment services may result in different performance results than what otherwise might have been achieved had you selected one of the other services. In addition, clients in the same investment service may have differing performance depending upon the individual investment objectives and risk tolerance of each client. Clients have the right to decline any investment recommendation.

### **A.2. Material Risks of Investment Instruments**

Detterbeck Wealth Management may invest in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, Detterbeck Wealth Management may effect transactions in the following types of securities:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities

- Structured products
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Asset-backed securities
- Collateralized obligations
- Variable annuities
- Closed-End Funds

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.2.b. Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

#### **A.2.f. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the

length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.g. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.h. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.i. Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

#### **A.2.j. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within



the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHLMC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities. Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

#### **A.2.k. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **A.2.l. Mortgage-Backed Securities**

Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, the firm may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both



principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

#### **A.2.m. Asset-Backed Securities**

Like mortgages-backed securities, the collateral underlying asset-backed securities are subject to prepayment, which may reduce the overall return to holders of asset-backed securities. Asset-backed securities present certain additional and unique risks. Primarily, these securities do not always have the benefit of a security interest in collateral comparable to the security interests associated with mortgage-backed securities. Credit card receivables are in general unsecured. Debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due.

Generally, automobile receivables are secured by automobiles. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and the technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. As a result, the risk that recovery on repossessed collateral might be unavailable or inadequate to support payments on asset-backed securities is greater for asset-backed securities than for mortgage-backed securities. In addition, because asset-backed securities are relatively new, the market experience in these securities is limited and the market's ability to sustain liquidity through all phases of an interest rate or economic cycle has not been tested.

#### **A.2.n. Collateralized Obligations**

Collateralized mortgage obligations ("CMOs") are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.

#### **A.2.o. Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

#### **A.2.p. Closed-End Funds**

A closed-end fund is a collective investment model based on issuing a fixed number of shares which are not redeemable from the fund. Unlike open-end funds, new shares in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can be purchased and sold only on the securities exchange where it maintains a listing. In the United States, closed-end funds sold publicly must be registered under both the Securities Act of 1933 and the Investment Company Act of 1940. The major risks of a closed-end fund relate to general market risk, the underlying securities in the fund portfolio, future expectations of the performance of those underlying securities, the degree to which leverage is utilized, quality of the issuer's management, the issuer's ability to meet its contractual and operating obligations, and the overall credit risk of the issuer.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although Detterbeck Wealth Management, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Detterbeck Wealth Management will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the

price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Short-Term Trading**

Although Detterbeck Wealth Management, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **B.3. Short Selling**

Detterbeck Wealth Management generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

## **B.4. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate

entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **B.5. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Detterbeck Wealth Management as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **B.5.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.5.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.5.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Detterbeck Wealth Management nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Detterbeck Wealth Management nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Lester G. Detterbeck is a Certified Public Accountant and may engage in the business of providing CPA services through Detterbeck, Johnson & Monsen, an accounting firm, where he is a 20% owner. Please be advised that there is a potential conflict of interest in that there is an economic incentive for Detterbeck Wealth Management to recommend to clients that they receive CPA services from Detterbeck, Johnson & Monsen.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Although Detterbeck Wealth Management does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients, the firm engages sub-advisers to manage Detterbeck Wealth Management client accounts and receives a portion of the advisory fees charged by Detterbeck Wealth Management for its investment management services.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Detterbeck Wealth Management has adopted policies and procedures designed to detect and prevent insider trading. In addition, Detterbeck Wealth Management has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Detterbeck Wealth Management's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Detterbeck Wealth Management. Detterbeck Wealth Management will send clients a copy of its Code of Ethics upon written request.

Detterbeck Wealth Management has policies and procedures in place to ensure that the interests of its clients are given preference over those of Detterbeck Wealth Management, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Detterbeck Wealth Management does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Detterbeck Wealth Management does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Detterbeck Wealth Management, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Detterbeck Wealth Management specifically prohibits. Detterbeck Wealth Management has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest



- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Detterbeck Wealth Management's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Detterbeck Wealth Management, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Detterbeck Wealth Management clients. Detterbeck Wealth Management will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Detterbeck Wealth Management to place the clients' interests above those of Detterbeck Wealth Management and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians for Client Transactions

#### A.1. Custodian Recommendations

Detterbeck Wealth Management may recommend that clients establish custodial accounts with Charles Schwab & Co, Inc. ("Schwab" and/or "custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Detterbeck Wealth Management may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Detterbeck Wealth Management is independently owned and operated and not affiliated with custodian. For Detterbeck Wealth Management client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Detterbeck Wealth Management considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending custodians to advisory clients.

In certain instances and subject to approval by Detterbeck Wealth Management, Detterbeck Wealth Management will recommend to clients certain other custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the custodian, the cost and quality of the services, and the reputation of the custodian. The final determination to engage a custodian recommended by Detterbeck Wealth Management will be made by and in the sole discretion of the client. The client recognizes that custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by custodians.

##### A.1.a. Institutional Intelligent Portfolios™

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform. Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us.

With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us.

#### **A.1.b. How We Select Brokers/Custodians to Recommend**

Detterbeck Wealth Management seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.c. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has

executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.d. Soft Dollar Arrangements**

Detterbeck Wealth Management does not utilize soft dollar arrangements. Detterbeck Wealth Management does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.e. Institutional Trading and Custody Services**

The custodian provides Detterbeck Wealth Management with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.f. Other Products and Services**

Custodian also makes available to Detterbeck Wealth Management other products and services that benefit Detterbeck Wealth Management but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Detterbeck Wealth Management's accounts, including accounts not maintained at custodian. The custodian may also make available to Detterbeck Wealth Management software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Detterbeck Wealth Management's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Detterbeck Wealth Management manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Detterbeck Wealth Management personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Detterbeck Wealth Management may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.g. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Detterbeck Wealth Management. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Detterbeck Wealth Management.

#### **A.1.h. Additional Compensation Received from Custodians**

Detterbeck Wealth Management may participate in institutional customer programs sponsored by broker-dealers or custodians. Detterbeck Wealth Management may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Detterbeck Wealth Management's participation in such programs and the investment advice it gives to its clients, although Detterbeck Wealth Management receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may 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 Detterbeck Wealth Management 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 managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Detterbeck Wealth Management by third-party vendors

The custodian may also pay for business consulting and professional services received by Detterbeck Wealth Management's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Detterbeck Wealth Management's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs

may benefit Detterbeck Wealth Management but may not benefit its client accounts. These products or services may assist Detterbeck Wealth Management in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Detterbeck Wealth Management manage and further develop its business enterprise. The benefits received by Detterbeck Wealth Management or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Detterbeck Wealth Management also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Detterbeck Wealth Management to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Detterbeck Wealth Management will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Detterbeck Wealth Management's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Detterbeck Wealth Management's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Detterbeck Wealth Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Detterbeck Wealth Management or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Detterbeck Wealth Management's recommendation of broker-dealers such as Schwab for custody and brokerage services.

#### **A.1.i. The Firm's Interest in Schwab's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

#### **A.2. Brokerage for Client Referrals**

Detterbeck Wealth Management does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **A.3. Directed Brokerage**

#### **A.3.a. Detterbeck Wealth Management Recommendations**

Detterbeck Wealth Management typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Detterbeck Wealth Management to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Detterbeck Wealth Management derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Detterbeck Wealth Management loses the ability to aggregate trades with other Detterbeck Wealth Management advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Detterbeck Wealth Management, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker. Detterbeck Wealth Management recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Detterbeck Wealth Management will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client



- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Detterbeck Wealth Management seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Detterbeck Wealth Management's knowledge, these custodians provide high-quality execution, and Detterbeck Wealth Management's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Detterbeck Wealth Management believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Detterbeck Wealth Management may be managing accounts with similar investment objectives, Detterbeck Wealth Management may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Detterbeck Wealth Management in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Detterbeck Wealth Management's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Detterbeck Wealth Management will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Detterbeck Wealth Management's advice to certain clients and entities and the action of Detterbeck Wealth Management for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Detterbeck Wealth Management with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Detterbeck Wealth Management to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.



To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Detterbeck Wealth Management believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Detterbeck Wealth Management acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Detterbeck Wealth Management determines that such arrangements are no longer in the best interest of its clients.

## Item 13: Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

While the underlying securities within Investment Management Advisory Services accounts are continually monitored, client accounts are reviewed quarterly at a minimum. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances (such as cash needs or contributions), or the market, political or economic environment. These accounts are reviewed by the two principals of the firm: Brett M. Detterbeck, CFA, CFP®, AIF® and Lester G. Detterbeck, CPA, CFA, CFP®, AIF®.

Our financial planning process uses cloud-based software that allows both the advisor and client to review their financial plan at any time. This interactive process brings the financial planning process alive. The financial planning process can now be dynamic and include regular stress-testing of the plan. Clients are encouraged to "visit" their plan as often as necessary, preferably at least once per year. DWM advisors: Brett M. Detterbeck, CFA, CFP®, AIF® or Lester G. Detterbeck, CPA, CFA, CFP®, AIF® help the client initiate this financial processing, coordinate any formal reviews, and make any necessary changes. Depending on the nature and terms of the specific engagement, a fee may be charged for an extensive review.

### B. Review of Client Accounts on Non-Periodic Basis

Detterbeck Wealth Management may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Detterbeck Wealth Management formulates investment advice.

### C. Content of Client-Provided Reports and Frequency

The client's independent custodian provides monthly account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Detterbeck Wealth Management.

DWM also provides consolidated quarterly statements to clients using third-party software. These reports provide not only account detail at multiple custodians, but also market commentary and performance evaluation. Billing detail is made available concurrent to these statements. The consolidated reports will also summarize the client's current positions from all their custodians and performance for the period and year-to-date. These statements have been made from data believed to be reliable, but no representation is made as to accuracy or completeness. Furthermore, clients should review and compare these statements to the statements provided by custodians at least each quarter. Clients have 24 hour access to their accounts by viewing their password protected area within [www.dwmgmt.com](http://www.dwmgmt.com).

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Detterbeck Wealth Management does not receive economic benefits for referring clients to third-party service providers. We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **B. Advisory Firm Payments for Client Referrals**

Detterbeck Wealth Management may enter into agreements with solicitors who will refer prospective advisory clients to Detterbeck Wealth Management in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the state cash solicitation requirements. Generally, these requirements require the solicitor to have a written agreement with Detterbeck Wealth Management. The solicitor must provide the client with a disclosure document describing the fees it receives from Detterbeck Wealth Management, whether those fees represent an increase in fees that Detterbeck Wealth Management would otherwise charge the client, and whether an affiliation exists between Detterbeck Wealth Management and the solicitor.

## Item 15: Custody

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Detterbeck Wealth Management to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

Under government regulations, we are deemed to have custody of a client's assets if the client authorizes us to instruct CS&Co. to deduct our advisory fees directly from the client's account. This is the case for accounts in the Program. CS&Co. maintains actual custody of clients' assets. Clients receive account statements directly from CS&Co. at least quarterly. They will be sent to the email or postal mailing address the client provides to CS&Co. Clients should carefully review those statements promptly when received. We also urge clients to compare CS&Co.'s account statements to the periodic account statements clients receive from us.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Detterbeck Wealth Management with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Detterbeck Wealth Management will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Detterbeck Wealth Management often has voting power with respect to securities in client accounts. Detterbeck Wealth Management owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, Detterbeck Wealth Management has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that Detterbeck Wealth Management votes each client's securities in the best interests of the client.

Detterbeck Wealth Management will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Detterbeck Wealth Management will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Detterbeck Wealth Management's Managing Member for information about how Detterbeck Wealth Management voted with respect to any of the securities held in their account.

Except as required by applicable law, Detterbeck Wealth Management will not be obligated to render advice or take any action on behalf of the client with respect to assets presently or formerly held in the client's account which become the subject of any legal proceedings, including bankruptcies.

As a general rule, Detterbeck Wealth Management will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Detterbeck Wealth Management's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, Detterbeck Wealth Management may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. A copy of Detterbeck Wealth Management's Proxy Voting Policy will be provided upon receipt of a written request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Detterbeck Wealth Management does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Detterbeck Wealth Management does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.