



## **Form ADV Part 2A – Disclosure Brochure**

**Effective: February 2, 2024**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of David Wealth Management, LLC ("DWM" or the "Advisor"). If you have any questions about the contents of this Disclosure Brochure, please contact the Advisor at (703) 560-8300 or by email at [jdavid@davidwealth.com](mailto:jdavid@davidwealth.com).

DWM is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about DWM to assist you in determining whether to retain the Advisor.

Additional information about DWM and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 164232.

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## Item 2 Summary of Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about Advisory Persons of DWM. For convenience, the Advisor has combined these documents into a single disclosure document.

DWM believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide complete and accurate information at all times. DWM encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### *Material Changes*

Since our last filing dated February 15, 2023, there have been no material changes made to our Disclosure Brochure.

### *Future Changes*

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 164232. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (703) 560-8300 or by email at [jdavid@davidwealth.com](mailto:jdavid@davidwealth.com).

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## Item 4 Advisory Business

### A. Firm Information

David Wealth Management, LLC ("DWM" or the "Advisor") is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The Advisor is organized as a Limited Liability Company (LLC) under the laws of the State of Virginia. DWM was founded in 2012 and is owned by James D. David (Managing Member and Chief Compliance Officer) and Maria Coakley David (Member). DWM is solely operated by Mr. David. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by DWM.

### B. Advisory Services Offered

DWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, businesses and other corporations (each referred to as a "Client").

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. DWM's fiduciary commitment is further described in the Advisor's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Wealth Management Services

DWM provides Clients with wealth management services, which generally includes discretionary management of investment portfolios, as well as a broad range of comprehensive financial planning and consulting strategies.

*Investment Management Services* – DWM provides customized investment advisory solutions for its Clients as a component of its wealth management services. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. DWM works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. DWM will then construct a portfolio consisting of mutual funds and exchange trade funds offered by Dimensional Fund Advisors LP ("DFA"). DFA funds follow a passive asset class investment philosophy with low holdings turnover. The DFA funds fees are generally lower than fees and expenses charged by other fund providers. The Advisor is under no obligation to recommend DFA funds to Clients and will only do so only when it is believed to be in the Client's best interest. DFA mutual funds are exclusively made available through a registered investment advisor, therefore a Client may not invest in these funds in their independent capacity. The Advisor may also utilize other diversified mutual funds and exchange-traded funds ("ETFs") to meet the needs of its Clients. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

DWM's overall investment philosophy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. DWM will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

DWM evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. DWM may recommend, on occasion, redistributing investment allocations to diversify the portfolio. DWM may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. DWM may recommend selling positions for reasons that include, but are not limited

to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

At no time will DWM accept or maintain custody of a Client's funds or securities, except for the limited authority as outlined in Item 15 – Custody. All Client assets will be managed within their designated account[s], pursuant to the terms of the advisory agreement. Please see Item 12 – Brokerage Practices.

*Financial Planning Services* – DWM will typically provide a variety of financial planning services to Clients either as a component of wealth management services or pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, and objectives.

Generally, such financial planning services involve preparing a formal financial plan based on the Client's financial goals and objectives. This planning may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

DWM may also refer Clients to an accountant, attorney or another specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. Plans are typically completed within six months of the contract date, assuming all information and documents requested are provided promptly.

Financial planning recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **C. Client Account Management**

Prior to engaging DWM to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – DWM, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – DWM will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – DWM will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – DWM will provide investment management and ongoing oversight of the Client's investment portfolio.

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

DWM does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by DWM.

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

As of December 31, 2023, DWM manages \$182,968,873 in Client assets, all of which are managed on a discretionary basis. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 Fees and Compensation**

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one or more agreements with the Advisor.

### **A. Fees for Advisory Service**

#### Wealth Management Services

Wealth management fees are paid quarterly, at the end of each calendar quarter, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the market value of assets under management at the end of each calendar quarter. Wealth management fees are based on the following schedule:

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
First \$2,000,000	1.00%
Next \$1,000,000	0.75%
Over \$3,000,000	0.50%

The wealth management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Certain Client may also pay a fixed fee not to exceed 1.00% of assets under management. Fees are negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the following factors, but not limited to, the aggregate assets under management with the Advisor, portfolio composition, the anticipated number of meetings and servicing needs and anticipated future additional assets. Please note that certain clients will not be billed on some assets. These excluded assets are described in each Client's investment advisory agreement. As a result of these factors, similarly situated Clients could pay different fees. All securities held in accounts managed by DWM will be independently valued by the Custodian. DWM will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5.C below, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Financial Planning Services

When a Client engages DWM for stand-alone financial planning services, fees are at an hourly rate of \$300. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and overall costs will be provided to the Client prior to engaging for these services.

### **B. Fee Billing**

#### Wealth Management Services

Wealth management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor or its delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with DWM at the end of the quarter and then adjusted for cashflows throughout the quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the wealth management fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting advisory fees to be deducted by DWM directly from their account[s] held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

#### Financial Planning Services

Financial planning fees are invoiced upon completion of the agreed upon deliverable[s] and are due upon receipt.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than DWM, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in Client accounts, but typically charges for mutual funds and other types of investments. The fees charged by DWM are separate and distinct from these custody and execution fees.



In addition, all fees paid to DWM for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. Generally, Clients may be able to invest in these products directly, without the services of DWM, but would not receive the services provided by DWM which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. However, Clients are unable to invest into DFA mutual funds directly, without the services of a registered investment advisor. If a Client chooses to terminate the relationship with the Advisor, the Client may hold the DFA mutual funds, but would not be able to purchase additional shares. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by DWM to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Wealth Management Services

DWM is compensated for its services at the end of the quarter after wealth management services are rendered. Either party may terminate the wealth management agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the wealth management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Client's wealth management agreement with the Advisor is non-transferable without the Client's prior consent.

##### Financial Planning Services

DWM is compensated for its financial planning services upon completion of the engagement deliverable[s]. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### **E. Compensation for Sales of Securities**

DWM does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

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

DWM does not charge performance-based fees for its investment advisory services. The fees charged by DWM are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

DWM does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.



## Item 7 Types of Clients

DWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, businesses and other corporations. The amount of each type of Client is available on DWM's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. DWM generally requires a minimum account size for establishing a relationship of \$250,000 to effectively implement its investment process.

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

### A. Methods of Analysis

DWM primarily employs an asset allocation strategy based on a derivative of Modern Portfolio Theory ("MPT").

*MPT* is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, DWM's investment process is structured in such a way to integrate those assumptions.

As noted above, DWM generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. DWM will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, DWM may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

### B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. DWM will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. The following are some of the risks associated with the Advisor's investment approach:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 Disciplinary Information**

**There are no legal, regulatory or disciplinary events involving DWM or any management persons.** DWM values the trust you place in the Advisor. The Advisor does encourage Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 164232.

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

The sole business of DWM is to provide investment advisory services to its Clients. Neither DWM nor its Advisory Persons are involved in other business endeavors. DWM does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts. DWM does not recommend or select other investment advisers for Clients or receive compensation directly or indirectly from other investment advisers.

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

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

DWM has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with DWM ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. DWM and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of DWM's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact the Advisor at (703) 560-8300.

### **B. Personal Trading with Material Interest**

DWM does not allow Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. DWM does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. DWM does not recommend to clients, or buys or sells for Client accounts, securities in which DWM or a related person has a material financial interest.

### **C. Personal Trading in Same Securities as Clients**

DWM does not allow Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

DWM does not allow Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. **At no time will DWM, or any Supervised Person of DWM, transact in any security to the detriment of any Client.**

## **Item 12 Brokerage Practices**

### **A. Recommendation of Custodian[s]**

DWM does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize DWM to direct trades to the Custodian as agreed upon in the wealth management agreement. Further, DWM does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where DWM does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian

not recommended by DWM. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. DWM may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, its reputation and/or the location of the Custodian's offices. DWM will typically recommend that Clients establish their account[s] at Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer and member SIPC. Schwab will serve as the Client's "qualified custodian". DWM maintains an institutional relationship with Schwab, whereby the Advisor receives economic benefits from Schwab.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **DWM does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor does receive certain economic benefits from Schwab and Interactive Brokers. Please see Item 14.**

**2. Brokerage Referrals** -DWM does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where DWM will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). DWM will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

#### B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. DWM will execute its transactions through the Custodian as directed by the Client. DWM may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

### Item 13 Review of Accounts

#### A. Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by James D. David, CCO of DWM. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

#### B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to

notify DWM if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

### **A. Compensation Received by DWM**

DWM does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. DWM may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, DWM may receive non-compensated referrals of new Clients from various third-parties.

#### Participation in Institutional Advisor Platform

DWM has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like DWM. As a registered investment advisor participating on the Schwab Advisor Services platform, DWM receives access to software and related support without cost because the Advisor renders wealth Management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its Clients, but may not directly benefit all Clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services to DWM that may not benefit the Client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a conflict of interest. DWM believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients.

**B. Client Referrals from Solicitors**

DWM engages and compensates unaffiliated third-party referral sources ("Solicitors") for Client referrals. Clients will not pay a higher fee to DWM as a result of such payments to Solicitors. The Advisor shall enter into an agreement with each Solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

**Item 15 Custody**

All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct DWM to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by DWM to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

**Item 16 Investment Discretion**

DWM generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by DWM. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations to such authority. All discretionary trades made by DWM will be in accordance with each Client's investment objectives and goals.

**Item 17 Voting Client Securities**

DWM does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

**Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.



## Item 20 Additional Information

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

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

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.



4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.