

*Effective: June 30, 2020*

*Amended: January 2, 2024*

# Customer Relationship Summary

Making an Informed Decision

Form CRS

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## **Item 1. Introduction:**

Chapin Davis, Inc. ("CD" or "Firm" or "We" or "Us"), is registered with the Securities and Exchange Commission (the "SEC") as both a broker dealer and a registered investment adviser. We are also a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). We were founded in 1952 as a broker dealer and financial services company. In 1991, we began providing investment advisory services as Chapin Davis Asset Management. As a dually registered investment advisory and broker-dealer, Chapin Davis supervises and processes the investment business of the Financial Professional ("FP") affiliated with the Firm.

We provide financial services to clients on a commission basis for brokerage or fee-based for investment advisory. It is important that you understand the differences in the costs that you pay in brokerage accounts versus investment advisory accounts. Charges in brokerage accounts consist of commissions, annual account maintenance fees, and account custodial fees for qualified accounts. Commission charges are based upon trade size, product type, liquidity, and complexity of each transaction. Investment advisory clients are charged an ongoing fee based on assets under management for investment advisory services, and other pass-through account maintenance service charges. Financial planning clients are charged a planning fee based on the nature and scope of the engagement.

## **Tools and Education:**

Clients may take advantage of free and simple industry tools to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing in general.

## **Item 2. What investment services and advice can you provide me?**

We offer brokerage services and investment advisory services to retail investors. Not all our FPs can offer all investments and services available through us. Some of our FPs are not dually registered with the broker-dealer and the registered investment adviser and may not be able to offer both types of services.

### *Brokerage Services:*

We offer brokerage services to all types of retail investors, including individuals, joint owners, institutions, and corporations. The brokerage services offered by us include the buying and selling of stocks, bonds, mutual funds, money market funds, exchange traded funds ("ETFs"), preferred securities, limited partnership interests, options, variable insurance products, private placement securities, and other securities, provided your FP is appropriately licensed and registered. Our FPs may offer recommendations to retail investors to meet their stated investment objective, risk tolerance, financial goals, suitability, time horizon and liquidity needs. Chapin Davis may offer advice on existing products or investment types as well as new investment product types after the Firm conducts a thorough due diligence review and approves the use of these products. We are required to provide advice that is in your best interest when providing you recommendations. **Retail customer accounts are not monitored on an on-going basis.** There are no minimum balance requirements to open a brokerage account; however, certain investments products have minimums imposed by the product sponsor. You can select investments, or we can recommend investments to your account, but the ultimate investment decision will be yours.

*Investment Advisory Services:*

We offer investment advisory services to retail investors, including wealth management, asset management, wrap fee program (collectively, “Advisor Managed Accounts”), financial consulting, and financial planning services. In connection with our wealth and asset management services, clients may grant us full or limited discretionary authority to invest their assets, which means that we may make trading decisions on our clients’ behalf without notifying them beforehand. However, our discretionary authority is subject to the client’s strategy and investment policy statement, limitations, and restrictions, as agreed upon by the client and us in the investment policy statement. Our clients may impose new investment restrictions at any time by providing the new restrictions to us in writing. Our portfolio managers may rely on both fundamental, technical, quantitative research and develop specific investment strategies or using a mix of these methods. Investment strategies typically include equity and fixed income strategies, asset allocation, ETF strategies, customized portfolios, and mutual fund asset allocation. Eligible securities for these types of accounts typically include common and preferred stocks, ETFs, closed end funds, unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, and no-load or advisory/institutional class mutual funds. Portfolio Managers may engage in covered call writing or other option strategies as agreed upon by the Investment Advisor Representative and client. With the exception of one-time financial planning services, we monitor your accounts on an ongoing basis. The minimum investment to establish an advisory account with us is \$50,000 with the ability to negotiate. We meet with our investment advisory clients periodically— typically on a quarterly basis, but not less than annually—to review overall portfolio holdings, performance, risk tolerance and the client’s financial plan and investment objectives. More frequent reviews may be initiated either by us or a client. Several situations could prompt a review of a client’s portfolio. These situations include but are not limited to changes in the long-term outlook or risk assessment, realized performance, a change in risk assessment or portfolio strategy, financial profile or other reasons determined during periodic reviews of the client’s portfolio and establishment of investment policy. Clients will receive regular account statements directly from the qualified custodian. We may provide more detailed written reports of performance, asset allocation, and manager information upon customer request. Face-to-face meetings, more frequent reporting and special reports are available upon client request. Clients are urged to compare the information in our reports with that of the statements from the custodian.

Clients wishing to review more information regarding our advisory services and programs may visit our website – [www.chapindavis.com](http://www.chapindavis.com), to obtain the most current Form ADV Part 2 or email a request for hard copy to: [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

**Conversation Starters.** Consider asking your financial professional: *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

**Item 3. What fees will I pay?**

*Brokerage Services:*

Clients will pay a commission amount based upon the principal amount of the transaction for agency trades. Clients that purchase securities on a principal basis, such as bonds, will not pay a commission but they will incur a mark-up on purchases or mark-down on sales which is the difference between the amount Chapin Davis pays for the security and the amount the client pays for a purchase or receives for a sale. Clients will receive a confirmation upon the completion of every transaction directly from the broker-dealer’s clearing firm, which discloses the amount of the commission or mark-up/mark-down, the transaction details and other fees charged in connection with the transaction. Mutual Funds and ETF’s may have additional expenses which are detailed in the fund prospectus. All clients are encouraged to read the prospectus and discuss any questions with their financial professional. Clients that invest in a private placement will pay the subscription price documented in the private placement memorandum. Chapin Davis will be paid a fee for placing your investment with the issuer which is described in the private placement memorandum. Because we are compensated based on the frequency and/or amount of your

investments we have a financial incentive to encourage you to trade more or make larger transactions. The more frequent your transactions, and typically the more you invest, the more we are compensated.

*Investment Advisory Services:*

Fees charged to our investment advisory clients are calculated as a percentage of assets under management by the fee as agreed upon in the executed Investment Advisory Agreement. We reserve the right to negotiate fees based on the size of the account, complexity of portfolio strategy, service model, the sophistication of the investment analysis, the amount of our advisors' professional time involved, and other factors. We may waive our fees in certain circumstances. We do not charge performance-based fees. The more assets there are in an advisory account, the more a retail investor will pay in fees. Because we are compensated based on the amount of assets in your account, we are incentivized to encourage you to increase your advisory account assets since the increase in assets will increase our compensation. Fees for financial planning or financial consulting services are negotiated and are based on the scope of the engagement and charged as a fixed one-time fee.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. See our Form ADV Part 2 which is available on our website, [www.chapindavis.com](http://www.chapindavis.com), for more details. Hard copies may be requested for free by emailing [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

We also offer Separate Account or Wrap Fee Manager Services. We provide non-discretionary investment advice to separate accounts established through wrap fee or private manager programs sponsored by independent broker-dealers. Fees for these types of accounts are generally higher than typical asset-based advisory accounts. We receive a portion of the wrap fee for our services.

*Other Fees:*

In addition to management fees, clients may incur brokerage commissions, and other investment-related costs and expenses (including "ticket charges") that are charged separately by broker-dealers and custodians. Mutual funds in which clients may invest charge their own management fees and operating expenses.

**Conversation Starter:** Consider asking your financial professional: ***Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?***

**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts, because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:

The more assets you have in an advisory account, the more you will pay us. We therefore have an incentive to increase the assets in your account to increase our fees.

Your financial professional could favor his/her larger clients when deciding whom to contact regarding investment decisions in times of a volatile or active market.

Your financial professional is allowed to negotiate the fee he/she charges in **advisory accounts** as well as commission rates in **brokerage accounts**, which will result in different clients paying different fees for similar services.

Your financial professional is compensated in **advisory accounts** by charging a fee based on a percentage of the value of your account, rather than for each transaction you make. This could result in higher compensation to your financial professional than would be paid in a non-advisory account. The Firm and/or your FP may incur ticket charges in proprietary advisory account. This cost can incentivize your FP to not trade in these accounts.

Your financial professionals are compensated on a tiered “grid” payout structure. The greater the amount of assets your financial professional manages the greater his/her percentage of compensation.

Your financial professional may receive compensation in the form of a forgivable loan where the payback of said loan is forgiven should the financial professional meet certain Firm revenue goals.

Your financial professional compensation varies depending on the product in which you invest. For example: your financial professional may receive greater compensation investing your money in a variable annuity rather than in a mutual fund. In addition, your financial professional could receive further compensation for additional riders/benefits added to a variable annuity. Or you may pay a 12b-1 fee which is a fee charged by a mutual fund company to pay for various services. Part of this fee is received by your financial professional.

Our financial professionals providing investment advice on behalf of the Firm may be licensed as insurance agents. Insurance products sold are not advisory products and are offered through an affiliated insurance agency where separate fees will apply for products selected. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Firm.

In **brokerage accounts**, your financial professional receives transaction-based compensation, such that the more trades in your account, the more fees are charged to you, so there is an incentive to have you to trade often.

Please review our Form ADV Part 2 which is available on our website, [www.chapindavis.com](http://www.chapindavis.com), for more details.

**Conversation Starter:** Consider asking your financial professional: ***How might your conflicts of interest affect me, and how will you address them?***

#### **How do your financial professionals make money?**

Certain of our financial professionals are dually licensed as investment advisory representatives and registered representatives of the broker-dealer. In this dual capacity, FPs may receive commissions from brokerage accounts and fees from advisory accounts. FPs will also receive 12b-1 trail fees from mutual fund companies where clients hold assets. In addition, some FPs hold a life insurance license and may receive compensation in the form of commissions as stated in the hypothetical and/or prospectus from insurance carriers for selling life, health, and annuity products.

#### **Item 4. Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter:** Consider asking your financial professional: ***As a financial professional, do you have any disciplinary history? For what type of conduct?***

#### **Where can I find additional information?**

For additional information about our services or to request a copy of this Relationship Summary, please contact our Compliance Department at (410) 435-3200 or email [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

**Conversation Starter:** Consider asking your financial professional: ***Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?***

Exhibit A  
Summary of Material Changes to Form CRS

Chapin Davis has updated Form CRS to better disclose the services offered by the Firm and to more clearly identify and disclose potential conflicts of interest. These changes are identified by the item and paragraphs where they occur.

**Item 1** – The Firm added the following disclosure at the end of the first paragraph to clarify the relationship between the Firm and the financial professionals that represent the Firm.

“As a dually registered investment adviser and broker-dealer, CD supervises and processes the investment business of the Financial Professional (“FP”) affiliated with the Firm.”

In the second paragraph, we added the following disclosure at the end of the paragraph to clarify how financial planning clients are charged a fee.

“Financial planning clients are charged a fee based on the nature and scope of the engagement.”

**Item 2** – The Firm added the following disclosure at the end of the first sentence to clarify that not all FP are dually registered and as such may not be able to offer all products and services offered by Chapin Davis.

“Not all our FPs can offer all investments and services available through us. Some of our FPs are not dually registered with the broker-dealer and the registered investment adviser and may not be able to offer both types of services.”

In the paragraph under “Brokerage Services:” we clarify our brokerage services to include variable products and private placement securities with the caveat that your FP needs to be appropriately licensed and registered. Additionally, the Firm reiterated that we are required to provide advice that is in your best interest. A sentence was added to the end of the paragraph to disclose that some product sponsors have minimum investment requirements that need to be met in order to invest in their offerings.

In the paragraph under “Investment Advisory Services:” we added “wrap fee program” to the list of services and introduced the term “Advisor Managed Accounts” to collectively refer to the advisory programs the Firm offers. Halfway through the paragraph we add the following disclosure to clarify that financial plans are not monitored as the other investment advisory services.

“With the exception of one-time financial planning services, we monitor your account on an ongoing basis.”

**Item 3** – In the paragraph under “Brokerage Services:” we clarified the cost difference between agency and principal trades with the following additional language at the end of the first sentence:

“...for agency trades. Clients that purchase securities on a principal basis, such as bonds, will not pay a commission but they will incur a mark-up of purchase or mark-down on sales which is the difference between the amount Chapin Davis pays for the security and the amount the client pays for a purchase or receives for a sale.”

Toward the end of the paragraph, the following disclosure was added regarding private placements and how the Firm is compensated.

“Clients that invest in a private placement will pay the subscription price documented in the private placement memorandum. Chapin Davis will be paid a fee for placing your investment with the issuer which is described in the private placement memorandum.”

At the end of the paragraph, the following conflict of interest regarding trading in brokerage accounts was added.

“Because we are compensated based on the frequency and/or amount of your investments we have a financial incentive to encourage you to trade more or make larger transactions. The more frequent your transactions, and typically the more you invest, the more we are compensated.”

At the end of the paragraph under “Investment Advisory Services:” the following conflict of interest was disclosed regarding the size of your account and how we are compensated. Additionally, a disclosure was added regarding fees associated with financial planning or financial consulting services.

“Because we are compensated based on the amount of assets in your account, we are incentivized to encourage you to increase your advisory account assets since the increase in assets will increase our compensation. Fees for financial planning or financial consulting services are negotiated and are based on the scope of the engagement and charged as a fixed one-time fee.”

At the beginning of the second paragraph under “Investment Advisory Services:” the Firm added the following disclosure regarding fees and costs on advisory accounts, regardless of whether the investments make or lose money.

“You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.”

The Firm deleted the following disclosure because the registered investment adviser does not engage in principal transactions.

“We may engage in “principal transactions,” meaning that we may buy investments directly from, or sell investments directly to, our retail investor clients. While our ability to engage in principal transactions is subject to the requirements of the Investment Advisers Act of 1940, these kinds of transactions create incentives for us to favor our own interests over those of our clients.”

The Firm added the following conflict of interest to disclose that in proprietary advisory accounts, we have a financial incentive to not trade to avoid paying ticket charges.

“The Firm and/or your FP may incur ticket charges in proprietary advisory account. This cost can incentivize your FP to not trade in these accounts.”