

## **Part 2A of Form ADV: Firm Brochure**

### **Item 1      Cover Page**

March 31, 2024

Terry McDaniel & Company  
2630 Exposition Blvd, Suite 300  
Austin, TX 78703  
[www.tmcdanco.com](http://www.tmcdanco.com)

This brochure provides information about the qualifications and business practices of Terry McDaniel & Company. If you have any questions about the contents of this brochure, please contact Terry McDaniel at (512) 495-9500 and/or email at [terry.mcdaniel@tmcdanco.com](mailto:terry.mcdaniel@tmcdanco.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.

Additional information about Terry McDaniel & Company is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2      Material Changes**

Material changes are changes that result in a conflict of interest, disciplinary measure, or any change that could affect the advisory relationship; therefore, we have had no material changes in our business from our last annual update filed with the SEC March 31, 2023.

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### **“Brochure Supplements” also attached:**

1. Part 2B of Form ADV: Brochure Supplement for Terry P. McDaniel
2. Part 2B of Form ADV: Brochure Supplement for Ken Turlington
3. Part 2B of Form ADV: Brochure Supplement for Jeffrey S. Lucado
4. Part 2B of Form ADV: Brochure Supplement for John McDaniel
5. Part 2B of Form ADV: Brochure Supplement for Kent Winegar
6. Part 2B of Form ADV: Brochure Supplement for Meredith McDaniel
7. Part 2B of Form ADV: Brochure Supplement for Shannon Pitcher

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

Terry McDaniel & Company is an investment counseling firm. We are organized as a Sub-S Corporation.

Our primary business is the management of stock and bond portfolios for a wide variety of clients. These clients include individuals, individual retirement accounts, trusts, estates and charitable organizations. We structure each portfolio separately depending on the investment return, risk and other requirements of each client. The overall context of the client's situation, including income, total assets, insurance coverage, tax and family matters, is important to us in the structuring of each portfolio. We invest in the stocks of individual companies and bonds of individual issuers, including the U.S. Government. We sometimes invest in mutual funds for smaller portfolios where individual securities are impractical.

Our assets under management as of 12/31/23 are:

Discretionary	\$1,475,687,217.00
Non-discretionary	\$168,140,984.00

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

The firm offers investment advisory services for a percentage of assets under management. The current fee schedule is as follows:

First \$ 2 million.....	1.0% per year
Next \$ 23 million.....	0.75% per year
Next \$ 75 million.....	0.50% per year
Above \$100 million.....	0.25% per year

Under the terms of the firm's standard form investment advisory agreement, the compensation of the firm is payable quarterly in advance. Clients may elect to be billed directly or give authorization to have fees deducted from accounts electronically. In the event of termination during a quarter, any compensation paid in advance shall be refunded to the client in the amount equal to the quarterly fee prorated from the date of termination. The client may terminate the investment advisory agreement, without penalty, any time within 5 days of signing the agreement. Thereafter, the agreement may be terminated upon 30 days written notice by either party. Fees are negotiable in certain instances.

In addition to fees paid directly to the firm for investment supervisory services, clients may also be assessed fees by custodians or other parties to their assets. This may result in multiple fees being assessed on the same assets. As one but not the only example, money market funds or closed-end investment companies may constitute a portion of portfolios. In those cases, clients may incur management fees or other charges by managers of those assets while at the same time being charged fees by the firm on those same assets.

**Item 6**      **Performance-Based Fees and Side-By-Side Management - (Does not apply)**

**Item 7**      **Types of Clients**

The firm generally provides investment advisory services to a wide variety of clients. These clients include individuals, retirement plans, trusts, estates and charitable organizations. The minimum dollar amount of assets required for the establishment and maintenance of an investment advisory account is \$1,000,000. There are circumstances under which this minimum may be waived.

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

The firm maintains a staff of investment securities analysts who conduct research into the stocks and bonds used in portfolios. The firm requires that each of these analysts holds a Chartered Financial Analyst credential issued by the CFA Institute, or that the analyst be enrolled in the CFA program working toward that credential. The CFA program, requiring a series of three examinations on analytical matters generally taken over three years, is recognized world-wide as a high standard in the investment industry.

We employ two investment strategies, Equity and Fixed Income. We tailor these strategies based on each client's objectives, return requirements and tolerance for risk. In most cases, this results in a balance between the two strategies for each client.

**Equity Strategy**

*Investment Objective:* Our equity strategy seeks to achieve long-term income and capital appreciation while attempting to manage portfolio risk.

*Principal Investment Strategy:* Our analysis of stock investments is a "bottom-up" approach relying heavily on the fundamental analysis of individual companies. This analysis identifies high quality companies based on various criteria, such as profitability, balance sheet quality, competition, market share positions, management considerations and essential products and services, among other items. The strategy typically holds equity securities of approximately 25 companies. The strategy does not have any market capitalization considerations. Changes to portfolio positions are infrequent and portfolio turnover is low.

*Material Risks:* Equity Securities are subject to many forms of risk. General market volatility, sometimes significant, cannot be predicted. Therefore, wide swings in equity portfolio values cannot be avoided. Individual companies can also experience unexpected events such as disappointing revenue and earnings revisions which can negatively affect their prices. Finally, although we take care in our analyses and subsequent expectations about the prospects of companies we recommend, we could very well be wrong, resulting in possible loss of capital.

## **Fixed Income Strategy**

*Investment Objective:* Our fixed income strategy seeks to provide stable income while attempting to manage interest rate and credit risk.

*Principal Investment Strategy:* Our analysis of bond investments emphasizes high credit quality and liquidity. Our fixed income strategy typically invests in investment-grade fixed income securities issued or guaranteed by the U.S. Government, and/or municipal fixed income securities. Investments are typically in fixed income securities with short-to-intermediate maturities from one to ten years. The strategy takes into consideration the tax status of each individual client.

*Material Risks:* Fixed Income Securities are subject to many forms of risk. Like equity markets, fixed income markets are subject to unpredictable volatility caused by such factors as changes in general interest rate levels, inflation expectations and changes in tax rates. Individual bonds can decline in value because of a decline in credit quality. We could at any time also be wrong in our assessments, resulting in a loss of capital. Like the risks to equity investments, fixed income investments are subject to a myriad of risks too numerous to fully detail and should not be considered to offer complete safety.

This discussion of methods of analysis, strategies and risk is necessarily limited and is not intended to be complete and all-encompassing. **We especially intend to convey that regardless of the care taken in investment research and selection, investing comes with risk of loss, regardless of how conservative the strategy may be. The client should be prepared to bear this risk.**

**Item 9      Disciplinary Information - (Does not apply.)**

**Item 10      Other Financial Industry Activities and Affiliations - (Does not apply.)**

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

Members of the firm must comply with applicable federal securities laws. Client interests are always placed and prioritized above our own interests. Members of the firm are obligated to avoid any action that would conflict with or be detrimental to our clients' interests. Members of the firm must avoid any opportunity to personally profit, through investment activity of their own, from price movements related to the management of client funds.

Personal investment activity is that of any of these parties in an account in which they have a direct or beneficial interest.

From time to time employees of the firm may engage in securities transactions for their own personal accounts. These trades are enacted by them personally. In order to avoid any actions that would be in conflict with clients' interests, employees of the firm are required to obtain prior written approval for securities transactions. Employees are prohibited from executing a securities transaction on any day during which a client has a pending trade order in that same security until that order is executed or withdrawn. Employees are prohibited from engaging in short-term trading activities.

As a safeguard in avoiding conflicts of interest, employees are required to submit to the firm's compliance officer a quarterly report of all personal securities transactions for all immediate family members living in an employee's household. They are also required to disclose all personal securities holdings on an annual basis.

## **Item 12      Brokerage Practices**

From time to time, the firm purchases bonds for clients from sources other than those having custody of client assets, requiring delivery of such bonds into the client's account for which the custodian may charge a fee, termed a "trade away" fee. For example, Charles Schwab & Co., which acts as custodian for accounts, charges a \$20.00 "trade away" fee, per transaction, for receipt of bonds purchased from other sources. This fee, charged by Charles Schwab and Co., and any other fee by any other custodian, is taken into account by the firm and is, with regard to any specific trade done through a source other than the custodian of the clients' accounts, considered consistent with the responsibility of the firm to supply the best execution at the lowest cost consistent with financial integrity and acceptable service.

Clients may, if they wish, choose their own broker. If the client has no broker preference, the firm directs brokerage to those firms supplying the best execution at the lowest cost consistent with financial integrity and acceptable service. The firm does not believe such discretionary brokerage results in clients paying commissions higher than those obtainable from other brokers. If the client designates the broker or brokers to be used, the firm's ability to achieve best execution and/or lower cost may be diminished and the client may incur higher transaction costs.

The firm does not ordinarily combine or "bunch" orders from different accounts when placing trades with brokers. This may result in a client paying higher commission costs than if trades were combined. This trading method, a result of the firm's policy, where feasible and consistent with best price and best execution considerations, of consulting with each client before trading in the account, also will ordinarily result in clients receiving different prices for transactions in the same security due to the random timing of trade placement.

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

A formal review by a portfolio manager is performed quarterly of each client account. Interim reviews are performed upon the advisory client's request or upon the occurrence of any event considered by the firm to have materially affected a holding or an advisory client's financial or personal circumstances.

Each account is reviewed in light of the firm's investment policy as well as the objectives and circumstances of the client.

At the end of each calendar quarter, the firm conducts an appraisal of each client's portfolio(s) and mails to the client. Trade confirmations and monthly statements are furnished by the account custodian.

Any member of the firm involved in determining or giving investment advice to clients possesses an undergraduate degree and two years business experience. The firm has adopted a Code of Ethics to ensure the priority of the interests of our clients. A copy of the firm's Code of Ethics is available upon request. The member also holds the designation of Chartered Financial Analyst (CFA) issued by the CFA Institute or is enrolled and pursuing that Charter.

### **Item 14**      **Client Referrals and Other Compensation - (Does not apply.)**

### **Item 15**      **Custody**

Terry McDaniel & Company does not hold, physically or otherwise, securities or other assets of clients. These are held by broker/dealers, banks or other qualified custodians. These custodians furnish regular account statements to clients. Terry McDaniel & Company also sends regular reports to clients identifying their investment holdings. Clients are urged to compare the account statements they receive from the qualified custodian with those they receive from Terry McDaniel & Company.

Even though a firm may not have physical custody of client assets, the U.S. Securities and Exchange Commission (SEC) considers a firm to have custody if it can direct client assets to be transferred to other accounts. Terry McDaniel does have this form of custody in certain instances. In those cases, safeguards are in place to prevent the abuse of such arrangements.

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

Prior to June 30, 2008 the firm offered clients a non-discretionary option. This option required the firm to consult with the client prior to effecting changes in the portfolio. After June 30, 2008 the non-discretionary option is no longer available, the firm now offers only the discretionary option.

**Item 17**      **Voting Client Securities**

Terry McDaniel & Company does not vote proxies for clients. Proxies will be delivered to clients through their custodians. Clients bear responsibility for voting proxies.

**Item 18**      **Financial Information - (Does not apply.)**



**Part 2B of Form ADV: Brochure Supplement for Terry P. McDaniel**

**Item 1      Cover Page**

- A.      Terry P. McDaniel, CFA  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500
- Supplement Date: 3/31/2024
- B.      This brochure supplement provides information about Terry P. McDaniel that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry P. McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

Additional information about Terry P. McDaniel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2      Educational Background and Business Experience**

Name:                                      Terry P. McDaniel  
Year of Birth:                            1939  
Formal Education:                    Texas A&M University, B.A., 1961  
Business Background:               1985 to present – Terry McDaniel & Company  
Position Held:                           Chairman

**Item 3      Disciplinary Information - (Does not apply.)**

**Item 4      Other Business Activities - (Does not apply.)**

**Item 5      Additional Compensation - (Does not apply.)**

**Item 6      Supervision**

Mr. McDaniel is the Chairman and responsible for all client advice reviews.

**Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

**Part 2B of Form ADV: Brochure Supplement for John McDaniel**

**Item 1      Cover Page**

- A.      John McDaniel, CFA  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500
- Supplement Date: 3/31/2024
- B.      This brochure supplement provides information about John McDaniel that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

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

**Item 2      Educational Background and Business Experience**

Name:	John McDaniel
Year of Birth:	1971
Formal Education:	Austin College, B.A., 1995 Lowry Mays School of Business at Texas A&M, M.B.A., 2000
Business Background:	1998 to present – Terry McDaniel & Company
Position Held:	Senior Analyst, Portfolio Manager

**Item 3      Disciplinary Information - (Does not apply.)**

**Item 4      Other Business Activities - (Does not apply.)**

**Item 5      Additional Compensation - (Does not apply.)**

**Item 6      Supervision**

Mr. McDaniel's advice to clients is reviewed by Mr. Terry McDaniel (512-495-9500), Chairman.

**Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

**Part 2B of Form ADV: Brochure Supplement for Jeffrey S. Lucado**

**Item 1      Cover Page**

- A.      Jeff S. Lucado, CFA, CIC  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500
- Supplement Date: 3/31/2024
- B.      This brochure supplement provides information about Jeffrey S. Lucado that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

Additional information about Jeffrey S. Lucado is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2      Educational Background and Business Experience**

Name:	Jeffrey S. Lucado
Year of Birth:	1958
Formal Education:	University of Texas, B.B.A. 1981, M.B.A. 1983
Business Background:	1992 to present – Terry McDaniel & Company,
Position Held:	Research Director, Portfolio Manager

**Item 3      Disciplinary Information - (Does not apply.)**

**Item 4      Other Business Activities - (Does not apply.)**

**Item 5      Additional Compensation - (Does not apply.)**

**Item 6      Supervision**

Mr. Lucado's advice to clients is reviewed by Mr. Terry McDaniel (512) 495-9500, Chairman.

**Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

## **Part 2B of Form ADV: Brochure Supplement for Ken Turlington**

### **Item 1      Cover Page**

- A.      Ken Turlington, CFA  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500
- Supplement Date: 3/31/2024
- B.      This brochure supplement provides information about Ken Turlington that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

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

### **Item 2      Educational Background and Business Experience**

Name:	Ken Turlington
Year of Birth:	1962
Formal Education:	Duke University B.A., 1984
Business Background:	1999 to present – Terry McDaniel & Company
Position Held:	President

### **Item 3      Disciplinary Information - (Does not apply.)**

### **Item 4      Other Business Activities - (Does not apply.)**

### **Item 5      Additional Compensation - (Does not apply.)**

### **Item 6      Supervision**

Mr. Turlington's advice to clients is reviewed by Mr. Terry McDaniel (512) 495-9500, Chairman.

### **Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

**Part 2B of Form ADV: Brochure Supplement for Kent Winegar**

**Item 1      Cover Page**

A.      Kent Winegar, CFA  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500

Supplement Date: 3/31/2024

B.      This brochure supplement provides information about Kent Winegar that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

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

**Item 2      Educational Background and Business Experience**

Name:	Kent Winegar
Year of Birth:	1976
Formal Education:	Columbia University, B.S., 1999 UC-Berkeley, M.S., 2000 University of Texas McCombs School of Business, MBA, 2006
Business Background:	2006 to present – Terry McDaniel & Company
Position Held:	Senior Analyst, Portfolio Manager

**Item 3      Disciplinary Information - (Does not apply.)**

**Item 4      Other Business Activities - (Does not apply.)**

**Item 5      Additional Compensation - (Does not apply.)**

**Item 6      Supervision**

Mr. Winegar's advice to clients is reviewed by Mr. Terry McDaniel (512) 495-9500, Chairman.

**Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

**Part 2B of Form ADV: Brochure Supplement for Meredith McDaniel**

**Item 1      Cover Page**

- A.      Meredith Lee McDaniel, CFA  
         Terry McDaniel & Company  
         2630 Exposition Blvd., Suite 300  
         Austin, TX 78703  
         (512) 495-9500
- Supplement Date:    3/31/2024
- B.      This brochure supplement provides information about Meredith McDaniel that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

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

**Item 2      Educational Background and Business Experience**

Name:	Meredith Lee McDaniel
Year of Birth:	1974
Formal Education:	Georgetown University, B.A., 1996
Business Background:	1998 to present – Terry McDaniel & Company
Position Held:	Senior Analyst, Portfolio Manager

**Item 3      Disciplinary Information - (Does not apply.)**

**Item 4      Other Business Activities - (Does not apply.)**

**Item 5      Additional Compensation - (Does not apply.)**

**Item 6      Supervision**

Meredith McDaniel's advice to clients is reviewed by Mr. Terry McDaniel (512-495-9500), Chairman.

**Item 7      Requirements for State-Registered Advisers - (Does not apply.)**

## **Part 2B of Form ADV: Brochure Supplement for Shannon Pitcher**

### **Item 1      Cover Page**

- A.      Shannon D. Pitcher  
Terry McDaniel & Company  
2630 Exposition Blvd., Suite 300  
Austin, TX 78703  
(512) 495-9500
- Supplement Date:      3/31/2024
- B.      This brochure supplement provides information about Shannon Pitcher that supplements the Terry McDaniel & Company brochure. You should have received a copy of that brochure. Please contact Terry McDaniel if you did not receive Terry McDaniel & Company's brochure, or if you have any questions about the contents of this supplement.

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

### **Item 2      Educational Background and Business Experience**

Name:	Shannon D. Pitcher
Year of Birth:	1975
Formal Education:	University of Texas McCombs School of Business, B.B.A. 2000
Business Background:	2018 to present – Terry McDaniel & Company
Position Held:	Finance Manager

### **Item 3      Disciplinary Information - (Does not apply.)**

### **Item 4      Other Business Activities - (Does not apply.)**

### **Item 5      Additional Compensation - (Does not apply.)**

### **Item 6      Supervision**

Shannon Pitcher is the firm's finance manager and is also responsible for human resource functions, reporting directly to Mr. Terry McDaniel (512-495-9500), Chairman.

### **Item 7      Requirements for State-Registered Advisers - (Does not apply.)**