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**March 9, 2016**

**FORM ADV PART 2A.  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Destination Wealth Management. If you have any questions about the contents of this brochure, please contact us at 925-935-2900. 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 Destination Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Destination Wealth Management is 110365.**

**Destination Wealth Management is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## ***Item 2: Material Changes***

This Firm Brochure, dated March 9, 2016, provides you with a summary of Firm's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our last annual updating amendment to this Firm Brochure dated March 27, 2015:

### **Change of Compliance Officer**

As of October 12, 2015, Mrs. Jessica Lambruschini-Coy has replaced Mr. Alexis Stice as Chief Compliance Officer.

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

Destination Wealth Management (“Destination”) is an SEC-registered investment adviser with its principal place of business located in Walnut Creek, California. Destination’s registration became effective on October 11, 1996.

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

- Michael Allen Yoshikami (CRD Number 1929209) is the CEO and Founder of the Firm.

Firm offers the following advisory services to our clients:

#### **INVESTMENT MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment strategy and create and manage a portfolio based on that strategy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

A review of a client's circumstances will occur as needed to assess the appropriateness of the strategy for each client. Arrangements for meeting time and location will be arranged by Destination and the client. Clients are required to inform Destination of any change in their financial condition, risk tolerance, needs, goals, time horizon or other objective in a timely manner.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's desired objectives (i.e., capital appreciation, preservation, growth and/or income), as well as other considerations. Primary investment management functions include, but are not limited to the following:

- Asset Allocation Design
- Investment Research and Asset Selection
- Portfolio Monitoring and Rebalancing

Assets are allocated/reallocated on an ongoing basis. Accounts are reviewed as needed in order to assure that any portfolio matches the client's risk tolerance and investment objectives.

Portfolios are designed to meet individual client objectives using a variety of investments. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Futures contracts on tangibles
- Futures contracts on intangibles
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## FINANCIAL PLANNING

We provide financial planning services to clients. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

A written request and engagement by Destination and client is required to receive these services. Topics may cover:

- Net Worth and Financial Profile Analysis
- Cash Flow Projections
- Income Tax Review
- Education Financing
- Life Insurance Analysis
- Estate Planning Review

- Retirement Planning
- Risk Management Planning

We gather required information through in-depth personal interviews. Information gathered may include the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

As of December 31, 2015, the Firm managed on a discretionary basis \$1,537,581,912 of client assets which represented 3,710 accounts and \$0.00 of client assets on a non-discretionary basis.

### *Item 5: Fees and Compensation*

#### FEES AND COMPENSATION:

The fee for financial and advisory services is determined by the client's situation and is established after the first meeting (held at no cost). Issues examined will include investment objective, trading frequency, client special requests, number of accounts, size of portfolio and estimated research time period.

#### INVESTMENT MANAGEMENT

Fees shall be based on a percentage of the market value of the assets under management at the end of each quarter. Fees are generally charged in advance for all existing clients based on the market value of the assets on the last day of the previous quarter. Billing for new clients begins when asset management begins, unless special arrangements have otherwise been made: billing generally occurs in advance so that the first invoice will include pro-rated fees for the current quarter and a full quarter's fees for the following quarter. If monies were withdrawn or deposited at any time, your next billing will reflect this adjustment.

#### NEW CLIENTS - FEE SCHEDULE

The following table outlines Destination's tiered fee structure in managing portfolios for clients that had assets under management from August 1, 2001. Portfolios that contain all fixed income investments may be charged a lower fee structure. Full disclosure will be made in the advisory agreements outlining specific fee structure for each client.

#### TIERED FEE SCHEDULE

PORTFOLIO SIZE (\$)	ANNUAL FEE (payable quarterly)
0-499,999	1.15%
500,000-999,999	0.98%
1,000,000-1,999,999	0.93%
2,000,000-2,999,999	0.88%
3,000,000-3,999,999	0.83%
4,000,000-4,999,999	0.78%
5,000,000+	0.73%

All new clients after May 20, 2013 will not be subject to a minimum fee. Prior to May 20, 2013 and after April 1, 2002 the required minimum account size effective for new clients was \$500,000 in assets under management and a minimum fee of \$1,437.50 per quarter or 2.5% annual fee of total assets, whichever is lower, shall be charged on such accounts. The minimum fee may be waived based on individual client circumstances and all fees are negotiable.

#### EXISTING CLIENTS - FEE SCHEDULE

The following table outlines Destination's fee structure in managing portfolios for clients that had assets under management prior to August 1, 2001. Full disclosure will be made in advisory agreements outlining the specific fee structure for each client. For those clients with assets under management between August 1, 2001 and April 1, 2002, a minimum fee of \$2,875 annually or 2.5% of total assets, whichever is lower, shall be charged on such accounts. For clients with assets under management prior to August 1, 2001, a minimum fee of \$1,000 annually applies or 2.5% of total assets, whichever is lower, shall be charged on such accounts.

#### FEE SCHEDULE PRIOR TO 08/01/2001

PORTFOLIO SIZE	ANNUAL FEE	PORTFOLIO SIZE	ANNUAL FEE
0-100,999	1.35%	2,001,000-3,000,999	0.84%
101,000-250,999	1.25%	3,001,000-4,000,999	0.80%
251,000-500,999	1.00%	4,001,000-5,000,999	0.76%
501,000-1,000,999	1.00%	5,001,000-9,000,999	0.68%
1,001,000-2,000,999	0.88%	9,001,000-10,000,000+	0.58%

#### FINANCIAL PLANNING & CONSULTING FEES

Destination's Financial Planning or Consulting fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning or Consulting fees are calculated and charged on an hourly basis, at \$250.00 per hour with a 6 hour minimum. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the

start of the advisory relationship.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

Financial Planning Fee Offset: Destination reserves the discretion to reduce or waive the hourly fee for existing Portfolio Management clients or if a financial planning client chooses to engage us for our Portfolio Management Services.

## GENERAL INFORMATION

### Limited Negotiability of Advisory Fees

Although Destination has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, that may not be available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### Right of Rescission

Client has a five (5) business day right of rescission after receiving Destination's Disclosure Brochure/ADV to terminate services. Any and all unearned or unapplied fees shall be refunded. Fees are negotiable and may be adjusted according to client's specific circumstances.

### Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

### Fee Payment

Fees are normally paid in advance on a quarterly basis. Fees are not based on capital appreciation of assets. Destination may debit asset management fees directly from client accounts (See Item 15, Custody for more information). In certain circumstances fees may be waived or reduced for the client.



### Fee Calculation

Statements received from custodians may have a different amount than what is billed on. Destinations portfolio accounting systems may have different settlement dates, accrued interest calculations and may exclude certain assets from fee calculations.

### Grandfathering of Minimum Account Requirements & Fees

Pre-existing advisory clients are subject to Destination's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship.

Therefore, our firm's minimum account requirements and fees will differ among clients.

### Renewal and Termination of the Advisory Relationship

Any advisory renewal fee will be determined by mutual agreement between the client and Destination. Fee payment timeliness will be discussed prior to any services to be provided.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period from the effective date of termination.

### Layering of Fees

All fees paid to Destination for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### ERISA Accounts

Destination is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Destination may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Destination's advisory fees.

### Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

### Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees in excess of \$1,200.00 more than six months in advance of services rendered.

### Other Fee Arrangements

Destination recommends, but does not direct clients to use Charles Schwab & Co., Inc. or Fidelity Investments as custodians of their assets. Clients who use these custodians may receive Destination negotiated discounted fees and/or commissions. Please see Items 12 (Brokerage Practices) and 14 (Client Referrals and Other Compensation) within this Brochure for additional information.

Destination receives referrals from MedCentric Financial Network. There is no remuneration to the referring party. Rather, Destination provides referrals a Financial Planning service at a discounted planning fee of 10%. This discount does not apply to Asset Management Services, Personal Financial Review, Collateral Referrals or Collateral Clients.

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

Destination does not charge performance-based fees.

## ***Item 7: Types of Clients***

Destination provides investment advisory services to individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

As previously disclosed in Item 5, Destination has a minimum account size and a tiered fee schedule based on the nature of services being provided. Either of which may be waived based on individual client circumstances and all fees are negotiable.

Destination generally manages accounts with a \$500,000.00 household minimum. However, account minimums may be subject to negotiation.

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

### Methods of Analysis

Our investment philosophy is one of tactical allocation. Multiple tiers of assessment are utilized as

we develop portfolio investment strategy. We assess trends in the global economy, and take those findings into consideration as we invest client's portfolios. We research individual assets while taking into account the bigger picture and adjust investment strategy accordingly. Our macro perspective requires that we have an economic view of the U.S. economy as well as Europe, Asia, South America, and other global investment opportunities such as the Middle East and Africa. Political and policy decisions impact markets, and for that reason we assess developments around the world on a regular basis.

Our focus is not just on U.S. based equities or U.S. based fixed income positions alone. We invest based on a long-term perspective with the understanding that short-term anomalies may require adjustment on a shorter-term basis, utilizing fundamental analysis and an assessment of current market dynamics. 70% of our decision is based on valuation and 30% is based on broader economic themes and trends that tend to be impacted by market psychology. We are a thematic manager, and our broad allocation strategy is a core part of our investment perspective. Our investment strategy is derived from combining individual analysis with closely monitored economic and market conditions on a macro level using a bottom-up and top down perspective.

We are a theme-based manager; a significant percentage of our allocation strategy is based on broad, thematic decisions, with a five year time horizon. Our allocations may or may not include investing in stocks, bonds, ETF's, mutual funds (load and no-load), ex-U.S. positions, commodity assets, options and other classes. We have thematic views that we adjust on a regular basis that form the overall macro adjustments made to core allocation strategies. These thematic views provide a tailwind or headwind for certain asset decisions and help us adjust our allocations according to the current conditions.

### Investment Strategy

Fundamental research is a significant part of our investment strategy. For this reason, we conduct our own individual asset research on each of our securities. This proprietary research is combined with the perspective of other investment analysts and strategists in order to arrive at a triangulated investment outlook. Internal research focuses on the assessment of attractiveness of individual stocks in a number of ways namely by analyzing the quality of the company's management, the sustainable advantages the company enjoys, and the competitive environment of the company. We then make our own projections of the company's ability to generate free cash flow.

In addition to this type of analysis, the investment committee will also seek out the opinions of other market participants such as Wall Street analysts and buy-side investors, and evaluate the recent trading activity of a stock to understand the technical trends that may be affecting a stock price. Our investment turnover tends to be lower than those of active trader managers but slightly higher than a buy-and-hold investment philosophy. Our time horizon for assets is five years, while fundamental assessment combined with market sentiment analysis may result in short-term investment decisions. Risk is an important part of our overall portfolio management philosophy. We monitor traditional metrics, such as beta and standard deviation, and try to avoid having too many investments in a portfolio geared to the same themes and markets. In some allocations buying more cash-flow generating names as part of the portfolio can help to mitigate volatility. Diversification is fundamental to our overall investment strategy. We diversify not just by asset

class, but by geography, capitalization size, as well as by types of positions. It's important that investors acknowledge that given the global nature of financial markets, correlations among assets, and even asset classes, have moved higher than they have been in the past.

We look at a variety of viewpoints, and we invest based on our assessment of what is appropriate at the time for our clients with consideration given to risk factors and the comfort level of each client.

### Risk of Loss

Securities investments are not guaranteed and you may lose money on your investments. Client assets are invested into an asset strategy best suited to their goals, objectives, risk tolerance and time horizon. We ask that you work with us to help us understand your tolerance for risk.

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Margin transactions. We will purchase securities for your portfolio with money borrowed from your brokerage account (where express written authorization has been granted by client). This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

#### ***Item 9: Disciplinary Information***

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Destination has no disciplinary events to report.

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

Destination has no other financial industry activities or affiliations.

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

##### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Destination has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the Firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Pursuant to SEC Release No. IA-1092, the following statements are also made by the Destination:

- 1) Clients are under no obligation to have Destination implement any suggestions made in any financial recommendations.
- 2) Client shall have total freedom to execute securities with any company of their choice.
- 3) Transactions for each client account generally will be effected independently, unless Advisor decides to purchase or sell the same securities for several clients at approximately the same time. Advisor may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Advisor's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Advisor's clients in proportion to the purchase and sale orders placed for each client account on any given day.

It is further noted that Destination is in and shall continue to be in total compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Destination has adopted a Destination wide policy statement, outlining insider trading compliance by Destination and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Destination and has been signed and dated by each such person. A copy of such original is maintained in employee files. Further, Destination has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of Destination, are signed, dated and filed with the employee files. There are provisions adopted for (1) restricting access to files, (2) providing continuing education (3) restricting and/or monitoring trading on those securities of which Destination's employees may have non-public information, (4) requiring all of Destination's employees to report all transactions to the Firm and (5) monitoring the securities trading of the Firm and its employees and associated persons.

Destination or individuals associated with Destination may buy or sell securities identical to those recommended to customers for their personal account. It is the expressed policy of Destination that no person employed by the Firm, or its associated persons, may purchase or sell any security prior to a transaction(s) in that same security being implemented on an advisory account that in any way affects the client's execution result. This policy is designed to prevent such employees from benefiting from transactions placed on behalf of advisory accounts. Destination or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, Destination has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of Destination shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of Destination shall prefer his or her own interest to that of the advisory

client.

- 2) Destination maintains a list of all securities holdings for itself, and anyone associated with this Advisory practice. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
- 3) Destination requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above may be subject to termination.

## ***Item 12: Brokerage Practices***

Destination does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co, Inc. or Fidelity Investments, both of which are FINRA-registered broker-dealers, member of SIPC, as the qualified custodian of your assets. We are independently owned and operated and not affiliated with Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we recommend that you use Schwab or Fidelity as a custodian/broker, you will decide whether to do so and open your account with Schwab or Fidelity by entering into an account agreement with them directly. Although we do not open the account for you, we can assist in this process. Even though your account is maintained at Schwab or Fidelity, we can still use other brokers to execute trades for your account as described in the next paragraph.

### How We Select Brokers/Custodians

We seek to use a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including:

- combination of transactions execution services along with asset custody services
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check request, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, etc)
- reputation, financial strength and stability of provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab and Fidelity)

### Your Custody and Brokerage Costs

For our clients' accounts it maintains, neither Schwab nor Fidelity generally charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or Fidelity accounts. Schwab's commission rates applicable to our client accounts were negotiated based our commitment to maintain \$50 million of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought of the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading cost, we have Schwab execute most trades for accounts custodied at Schwab. Similarly we place trades through Fidelity for accounts held with them.

### Products and Services Available to Us from Schwab and Fidelity

Schwab Advisor Services (formerly called Schwab Institutional) and Fidelity Institutional Wealth Services are in the business of serving independent investment advisory firms like us. They provide us and our clients with access to institutional brokerage-trading, custody, reporting and related services-many of which are not typically available to Schwab/Fidelity retail customers. Schwab/Fidelity also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab/Fidelity's support services are generally available on an unsolicited basis (we do not have to request them).

Services that Benefit You. Schwab and Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab/Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab/Fidelity's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab and Fidelity also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab/Fidelity. In addition to investment research Schwab/Fidelity also make available software and other technology that:

- provide access to client account data (such as duplicate trade confirms and statements);
- facilitate trade execution and allocate aggregated trade orders for multiple accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab and Fidelity also offers other services intended to



help us manage and further develop our business enterprise. These services include:

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

Schwab/Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab/Fidelity may also discount or waive its fees for some of these services or pay all or part of a third party's fees. Schwab/Fidelity may also provide us with other benefits such as occasional business entertainment of our personnel.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep \$50 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$50 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on factors discussed above) and not Schwab's services that benefit only us.

#### Our Interest in Fidelity's Services

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Destination's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Destination will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Destination manages certain client assets on a discretionary basis, Destination does have the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. All accounts are deemed to be discretionary. Discussions with clients regarding the buying and selling of assets are considered to be informational and Destination Wealth Management will exercise its discretion over timing, execution and action on portfolio assets.

Destination pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Destination is a percentage of the fees the client owes to Destination or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Destination pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Destination quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Destination and not by the client. Destination has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Destination charges clients with similar portfolios who were not referred through the Service.

Destination generally pays Schwab a Non-Schwab Custody Fee and custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisors generally would pay in a single year. Thus, Destination will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody fees will be based on assets in accounts of Destination's clients who were referred by Schwab and those referred client's family members living in the same household. Thus, Destination will have incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit the Firms fees directly from the accounts.

#### MISCELLANEOUS:

##### TRADE ERRORS

From time-to-time Destination may make an error in submitting a trade order on your behalf. When this occurs, Destination may place a correcting trade with the broker-dealer which has custody of your account. Should you sustain any economic detriment as a result of an error it is our legal obligation to make you whole.

At Schwab if an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain or we confer with you and you decide to forego the gain (e.g. due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co.Inc. (Schwab) is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. As stated above, if a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally if related trade errors result in both gains and losses in your account, they may be netted.

At Fidelity Investments the advisor will correct the trade in its own account and keep any profits or losses in its own account. In the event there is a profit the firm will donate the proceeds to

charity. However, the client will be made whole in the event of having sustained any loss(es).

#### TRADE AGGREGATION / BATCH TRADES

Transactions for each client account generally will be effected independently, unless Advisor decides to purchase or sell the same securities for several clients at approximately the same time. Advisor may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Advisor's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Advisor's clients in proportion to the purchase and sale orders placed for each client account on any given day.

Generally, Destination does not block client trades, implementing client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

### *Item 13: Review of Accounts*

#### INVESTMENT MANAGEMENT

The investment committee at Destination consists of Michael Yoshikami, CEO, Founder & Chairman of Investment Committee, Craig Gentry, Executive Vice President & Chief Investment Strategist. Mr. Yoshikami and Mr. Gentry meet at least bi-monthly to discuss the investment strategies of Destination and its client investments. Client accounts are reviewed by the portfolio trading team managed by Mr. Gentry and Mr. Yoshikami. All reviews of accounts are conducted by Destination on an annual basis depending on the client situation and planning needs.

Reviews are internal and client may or may not be present when review is conducted. These reviews may occur more frequently triggered by changes in any number of areas such as client objectives, market conditions, income, cash flow, changes in tax law, family status, disposition of assets, inheritance and health. Reviews may include a full statement of current holdings and re-statement of objectives. Clients are offered the opportunity to meet for regular reviews in person or by phone and may choose not to meet.

In addition to the quarterly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

#### FINANCIAL PLANNING

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

From time to time, the principals and associates of Destination may attend investment related conferences sponsored and paid for by investment companies. This incentive is in addition to fees received by Destination.

We receive an economic benefit from Schwab/Fidelity in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab/Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12-Brokerage Practices). The availability to us of Schwab/Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Destination receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Destination's participation in the Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent and unaffiliated with Destination. Schwab does not supervise Destination and has no responsibility for Destination's management of client's portfolios or Advisor's other advice or services. Destination pays Schwab fees to receive client referrals through the Service. Destination's participation in the Service may raise potential conflicts as described in Item 12.

Destination receives referrals from MedCentric Financial Network. There is no remuneration to the referring party. Rather, Destination provides referrals a Financial Planning service at a discounted planning fee of 10%. This discount does not apply to Asset Management Services, Personal Financial Review, Collateral Referrals or Collateral Clients.

#### ***Item 15: Custody***

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that Destination may directly debit advisory fees from client accounts. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab and/or Fidelity to deduct our advisory fees directly from your account. Schwab and/or Fidelity maintain actual custody of your assets.

You will receive account statements directly from Schwab or Fidelity, depending on who has custody of your assets, at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab and/or Fidelity. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's and/or Fidelity's account statements to the periodic

portfolio reports you will receive from us. Destination generates these reports on a quarterly basis, at portfolio review meetings with your advisor and on an as requested basis.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

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

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. A "Limited Power of Attorney" is signed by the client in favor of the Firm.

Because Destination has discretionary authority, it may determine, without first obtaining specific client consent, the securities to be bought and/or sold and the amount of securities to be bought and/or sold.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

#### ***Item 17: Voting Client Securities***

In certain circumstances, and in accordance with the client's specific advisory agreement, Destination shall vote proxies related to securities held by any client in a manner that is in the best interest of the client. Destination shall consider only those factors that relate to the client's investment(s) or that are established by the client's written instructions.

Proxy votes generally will be cast in favor of proposals that:

- maintain or strengthen the shared interests of shareholders and management.
- increase shareholder value;
- maintain or increase shareholder influence over the issuer's board of directors and management; and,
- maintain or increase the rights of shareholders.

Proxy votes generally will be cast against proposals having the opposite effect.

In voting on each and every issue, Destination and its employees shall vote in a prudently and timely fashion and only after careful evaluation of the issue(s) presented on the ballot.

In exercising its voting discretion, Destination and its employees shall avoid any direct or indirect conflict of interest raised by such voting decision. Destination will provide adequate disclosure to the client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to Destination.

Destination reserves the right to use a third party research service to assist us in making decisions we feel are in the best interest of our clients. Voting proxies on behalf of clients whose accounts we manage on discretion is a standard practice of Destination. Paperwork will be executed to allow this to occur including changing proxy and reorganization preferences on accounts currently held at Schwab or Fidelity Investments. Clients do have the opportunity to opt out of Destination's standard practice. Clients are responsible to inform Destination if they desire to make other arrangements outside of Destination's standard practice.

Clients may obtain a copy of our proxy voting policies and procedures by contacting Destination by email or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

#### ***Item 18: Financial Information***

As an advisory firm that maintains discretionary authority for client accounts, Destination is required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Destination has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Destination has not been the subject of a bankruptcy petition at any time during the past ten years.

### ***Item 19: Privacy Policy***

At Destination Wealth Management we value the privacy of your personal financial information. When we start our relationship we collected nonpublic personal information about you to open accounts. This facilitates us in our ability to provide financial advice and asset management, and to process transactions. We want you to be clear that we protect this information and never sell your personal information to anyone.

We believe that the trust you place in us is one of the greatest assets we manage. We understand that you desire to keep your financial information private and we do everything we can to ensure this. Destination Wealth Management' Privacy Policy is set forth below.

Destination Wealth Management' privacy policy applies to consumers who are current or former clients or have registered with Destination or its predecessors for our services.

- 1) We collect and use information to administer our business, to advise you in financial planning and asset management, and to provide you with outstanding customer service. We may collect several types of customer information needed for these purposes, such as those below.
  - Application and registration information, including information such as your address, phone number, social security number, and investment and financial objectives.
  - Transaction information, including balances, positions, and history that may include your name and account number that reflects your activities with Destination Wealth Management.
- 2) We do not sell any customer information.
- 3) We do not share customer information with third parties, except under the limited circumstances listed below.
  - We disclose nonpublic personal information to third parties only for the purposes of purchasing, processing, or managing your financial accounts in accordance with your established financial plan.
  - We may disclose nonpublic personal information to third parties contracted to provide specific services to Destination to help us process or service your account(s).
  - We may disclose nonpublic personal information in limited circumstances where we believe in good faith that disclosure is required or permitted under the law. For example, we will use this information to cooperate with regulators or law enforcement officials when required.
- 4) We protect your nonpublic personal information by restricting access to the information and maintaining its confidentiality.
  - Those companies that Destination hires to provide support services are not allowed to use your nonpublic personal information for their own purposes and are contractually required to maintain your nonpublic personal information in the strictest confidence.
  - We restrict access to nonpublic personal information to our employees and agents for business purposes only. All employees are trained and required to safeguard such information.
  - We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.
- 5) We continually review our policies and practices to protect your nonpublic private information and will provide notice of changes in our information sharing practices.

***Item 20: Business Continuity Plan***

Destination Wealth Management has adopted a Business Continuity Plan (BCP) to respond to business interruption that could hinder our ability to provide service to our client. The plan provides the procedures that we would follow in an effort to effect a timely recovery from such disruption to service. The goal of the BCP is to minimize to the extent predictable the impact of any interruption to service on our clients and the firm. The plan covers notification of our clients in the event of an interruption to services, communication with our clients via remote access, alternate locations to conduct business and electronic back up of information held on site. In addition, client accounts/assets are held at the custodian, Charles Schwab and/or Fidelity Investments and both companies have their own back up and business continuity plans that are separate from Destination Wealth Management. In the event of any service interruption, funds may still be accessed from these custodians directly. If you would like to receive a copy of our BCP please contact Jessica Lambruschini-Coy, CCO at [jessica@destinationwm.com](mailto:jessica@destinationwm.com).