

Dougherty Wealth Advisers LLC

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Part 2A

February 12, 2018

This Brochure provides information about the qualifications and business practices of Dougherty Wealth Advisers LLC. If you have any questions about the contents of this Brochure, please contact us at 612-317-2099 or 1-800-328-4000. 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 Dougherty Wealth Advisers LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Dougherty Wealth Advisers LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information for use in determining whether to hire or retain an Adviser.

ITEM 2: MATERIAL CHANGES

In this Item, registered investment advisers are to summarize in their annual update material changes made to Form ADV Part 2A since their last annual update. The following material changes made since our last annual update which was dated March 30, 2017.

- Disclosure concerning ownership has been added to Item 4;
- Additional disclosure regarding investment risk is included in Item 8; and
- Additional disclosure regarding the sale of insurance products and disclosure concerning additional fees and expenses related to implementing our recommendations is included in Item 5.

This update does include certain technical, stylistic or clarifying changes intended to enhance the overall Form ADV Part 2A.

Currently our brochure may be requested by calling us at 612-317-2099 or 1-800-328-4000.

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ITEM 4: ADVISORY BUSINESS

Dougherty Wealth Advisers LLC (“Dougherty Wealth Advisers”) is registered with the U.S. Securities and Exchange Commission as an investment adviser and provides different client types with financial planning and tax advisory services. Dougherty Wealth Advisers’ core business is the preparation of tax returns. Through that process, we may provide financial advice to clients through financial planning. Such financial plans are tailored to the individual needs of clients.

Dougherty Wealth Advisers LLC, formerly known as Somerset Advisers LLC, has been in business since January 3, 2006. Dougherty Wealth Advisers LLC is wholly owned by Dougherty Financial Group LLC (“DFG”). The principal indirect owners of Dougherty Wealth Advisers LLC are the owners of DFG. The majority owner of DFG is Michael Dougherty.

Given the nature of its business, Dougherty Wealth Advisers has no discretionary or non-discretionary assets under management.

ITEM 5: FEES AND COMPENSATION

The schedules of fees offered are differentiated according to the types of services rendered. Dougherty Wealth Advisers’ schedule of fees applicable to new accounts is an hourly rate of \$165-\$315. Clients may choose to pay a negotiated retainer. These fees are billed to clients. Fees, as they apply to you, are specified in the individual engagement letter which is required prior to commencing services.

Under the terms of Dougherty Wealth Advisers’ standard engagement letter, the compensation of Dougherty Wealth Advisers is payable within 30 days of invoice date. The standard form agreements do not have fixed termination or renewal dates, but provide for the termination of Dougherty Wealth Advisers’ services to the client upon prior written notice by either the client or Dougherty Wealth Advisers to the other.

In addition to the schedules of fees set forth above that apply to new clients, there are in effect fee schedules with some clients that differ from those above. From time to time, special requirements of clients may result in engagement letters with terms or fee arrangements differing from those set forth in Dougherty Wealth Advisers’ standard forms. There are circumstances under which fees may be negotiated.

To the extent clients decide to implement any of Dougherty Wealth Advisers’ financial planning recommendations, they will incur the fees and expenses associated with such implementation, including fees for third party managers, the costs of establishing custodial accounts, fees and expenses associated with commingled investment vehicles such as mutual funds and Exchange Traded Funds and fees and expenses of any other third party service providers.

The Senior Wealth Adviser at Dougherty Wealth Advisers is licensed in Minnesota as an insurance producer. This license entitles the Senior Wealth Adviser to offer and sell certain insurance products related to health and life. The Senior Wealth Adviser may receive commissions from the sale of these products. As a result, the Senior Wealth Adviser has an incentive to recommend the insurance products based on the compensation received rather than a client's needs. However, clients make the final determination whether to purchase such products and have the option to purchase such insurance products from providers not affiliated with Dougherty Wealth Advisers. These commissions are secondary to Dougherty Wealth Advisers' fee based business.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Dougherty Wealth Advisers does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). As a result, we have no conflicts of interest between accounts that pay asset-based fees and accounts that pay performance-based fees.

ITEM 7: TYPES OF CLIENTS

Dougherty Wealth Advisers provides portfolio financial planning and tax preparation services to:

- Individuals
- Trusts and Estates
- Charitable Organizations
- Small Businesses or Corporations
- High Net Worth Individuals

Dougherty Wealth Advisers generally does not impose specific conditions on the establishment or maintenance of client accounts. Dougherty Wealth Advisers does require that each client enter into a written and signed engagement letter with Dougherty Wealth Advisers. Dougherty Wealth Advisers reserves the right to decline any new engagement, or to resign as adviser to any account after initiation of the advisory relationship.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Dougherty Wealth Advisers does not place trades for client accounts, but, rather, may offer suggestions or recommendations through financial planning. This is done by reviewing a client's goals and objectives, financial statements and existing investments.

Dougherty Wealth Advisers uses various software programs to assist in quantitative analysis and research.

Dougherty Wealth Advisers uses capital market assumptions of historical average returns and standard deviations and client specific time horizon, objectives and risk tolerance to construct a portfolio asset allocation. Our long range modeling tools incorporate monte carlo simulations. A withdrawal strategy is mapped out to meet the unique needs of the client and maximize tax efficiencies. Dougherty Wealth Advisers will assist the client in the selection of an asset manager.

Investing in securities includes risk of loss that clients should be prepared to bear. Past performance is not indicative of future results. To the extent financial planning recommendations include asset class or asset allocation recommendations, the following risks exist to the extent used in the recommendation.

Stock market risk: the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed income risks: including: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The strategy would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the strategy's income.

Municipal security risks: municipal bonds are subject to the fixed income risks described above as well as the following risks: *legislative risk*- the risk that a change in the tax code could affect the value of tax-exempt interest income; and *liquidity risk*- the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer.

Foreign investment risk: investments in foreign securities involve considerations and risks not typically associated with investments in securities of domestic companies. These include, for example, unfavorable changes in currency exchange rates, substantial changes in governmental policies, political and economic instability and changes in relations between nations. Foreign markets are not subject to the same regulation as domestic markets. In addition, there is often less publicly available information about foreign markets and issuers than about domestic markets and issuers.

Asset allocation risk: asset allocation may have a more significant effect on account value when one of the more heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of DWA or the integrity of our management.

The following disclosure pertains to broker-dealer activities of Dougherty & Company LLC (“D&Co”), an affiliate of Dougherty Wealth Advisers.

On October 18, 2016, without admitting or denying the findings, Jeffrey Jacobson, an officer of Dougherty Wealth Advisers and D&Co, consented to the entry of findings that he did not adequately supervise a registered representative (formerly employed at D&Co) who (a) placed trades for two customers without first contacting them, and (b) made unsuitable recommendations. Jacobson was suspended for 15 days from his role as a supervisory principal and paid a fine in the amount of \$7,500.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Dougherty Financial Group LLC (“DFG”) owns 100% of Dougherty Wealth Advisers LLC.

DFG owns 100% of Dougherty & Company LLC (“D&Co”), a SEC registered broker-dealer and investment adviser. Several of Dougherty Wealth Advisers’ management persons are registered representatives of D&Co.

DFG owns 100% of Dougherty Insurance Agency LLC (“DIA”), a Minnesota registered property/casualty insurance agency.

Dougherty Wealth Advisers receives and pays for certain administrative services from affiliates, such as legal, compliance, information technology, financial accounting and human resources.

As noted above, as part of its planning services, Dougherty Wealth Advisers may recommend third-party investment managers. Dougherty Wealth Advisers is not compensated by such managers. Such investment managers may execute trades through Dougherty Wealth Advisers’ affiliate D&Co. Dougherty Wealth Advisers does not obtain from and is not provided such information by D&Co. and does not consider the possibility of trading in making its third-party manager recommendations.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Dougherty Wealth Advisers has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidance on certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Dougherty Wealth Advisers must acknowledge the terms of the Code of Ethics.

Dougherty Wealth Advisers' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 612-317-2099.

Dougherty Wealth Advisers requires prompt reports on all transactions covered by the Code. Dougherty Wealth Advisers further requires that all brokerage account relationships be disclosed, that Dougherty Wealth Advisers receive duplicate confirmations of transactions and custodial account statements, and certifications of compliance with the Code of Ethics from all covered persons.

In addition to reporting and record keeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on covered transactions, including the following:

1. All transactions by access persons in securities covered by the Code should be pre-approved, unless an exemption or exception applies. Transactions will be approved and executed only if there are no conflicting recommendations pending for the portfolios of clients.
2. Purchase of new equity issues on the initial underwriting by employees is prohibited. Access persons are further prohibited from buying or selling any security except as allowed by a de minimis exemption for transactions involving a small number of shares of companies with very large market capitalization and high average daily trading volume.

Officers and/or employees may personally own securities of an affiliated broker-dealer and/or custodians that are used by clients.

ITEM 12: BROKERAGE PRACTICES

Dougherty Wealth Advisers does not effect securities transactions for client accounts.

ITEM 13: REVIEW OF ACCOUNTS

The client's financial needs are reviewed at least annually with the client.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Dougherty Wealth Advisers may receive insurance commissions from the sale of various types of insurance policies.

ITEM 15: CUSTODY

Dougherty Wealth Advisers does not have custody of any client accounts.

ITEM 16: INVESTMENT DISCRETION

Dougherty Wealth Advisers does not accept discretionary authority to manage client accounts.

ITEM 17: VOTING CLIENT SECURITIES

Dougherty Wealth Advisers does not have and will not accept any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving from their custodian and voting proxies for any and all securities maintained in client portfolios. Dougherty Wealth Advisers may provide advice to clients regarding the clients' voting of proxies.

ITEM 18: FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Dougherty Wealth Advisers' financial condition. Dougherty Wealth Advisers has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

OUR CLIENT PRIVACY PLEDGE

At Dougherty Wealth Advisers LLC our clients' trust is important to us. Because you trust us with your financial and other personal information, we take the safeguarding and respect of this information very seriously. In order to maintain that trust we pledge to protect your privacy by striving to adhere to the policy outlined below.

Personal information we obtain is limited but may come to us through interviews with you, tax return organizers, financial planning organizers, financial history questionnaires, financial statements, correspondence between you and us, our affiliates, and others, account opening documents and custodial statements. The type of information collected is personal financial information, transaction and various other similar items of personal information. This information is important to our providing the best services to you.

There may be times when such information is provided to our affiliates and/or parent company, to enable us to receive services such as accounting, legal and compliance matters.

It is our policy that we do not provide current and former customer names and information to any outside firms, persons or organizations (such as catalogue or direct mail companies) unless there is a pre-existing relationship you have established such as a custodian or professional service provider and you have provided authority for us to do so or in situations where we have a legal or regulatory obligation to provide such information.

It is our policy to not provide any other businesses with any information specific to clients of Dougherty Wealth Advisers LLC for the purpose of marketing or business leads, except as indicated above.

Your information is protected in various manners. All employees are subject to a policy regarding confidentiality. Employees who violate our privacy policy are subject to disciplinary process. In addition our internal systems are secured through encryption technology, passwords and physical safeguards. We strive to maintain the confidentiality of your personal information.