

# Davis & Wehrle, LLC

Registered Investment Adviser

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## **Form ADV Part 2A Appendix 1**

### **Wrap Fee Brochure**

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Dated May 24, 2017

This wrap fee program brochure provides information about the qualifications and business practices of Davis & Wehrle LLC. If you have any questions about the contents of this Brochure, please contact us at (512) 346-1131 or via email at [kevin@daviswehrlellc.com](mailto:kevin@daviswehrlellc.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.

Davis & Wehrle LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about Davis & Wehrle LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as CRD number. The CRD number for Davis & Wehrle LLC is 144572. The SEC's website also provides information about any persons affiliated with Davis & Wehrle LLC who are registered, or are required to be registered, as Investment Adviser Representatives of Davis & Wehrle LLC.

## Item 2 – Material Changes

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Since our last filing on April 13, 2017, we have the following material changes to disclose:

- We will no longer pay referral fees for client referrals. See, Item 9 for additional information.

In the future, this section of the brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual brochure update.

Currently, our Brochure may be requested at any time, without charge, by contacting Davis & Wehrle LLC at (512) 346-1131.

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## Item 4 – Services, Fees and Compensation

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Davis & Wehrle LLC (“D & W”) is a Registered Investment Adviser (“Adviser”) which offers this wrap fee program for its advisory clients.

We provide investment advice through Investment Adviser Representatives (“IAR”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf.

### **Wrap Fee Program**

We provide asset management services to individuals and businesses. Our focus is on helping you develop and execute plans that are designed to build and preserve your wealth. We currently provide our asset management services in investment programs that bundle or “wrap” services (investment advice, trade execution, custody, etc.) together and charge a single fee based on the value of assets under management.

This is a program that allows us to create an investment model portfolio and manage it within your investment guidelines and financial parameters. This program enables you to pursue your investment objectives with us as manager all in one consolidated portfolio. We will serve as the investment adviser to manage only one asset class (e.g., large capitalization common stock portfolio or duration-limited fixed income portfolio) or one investment style from its investment product offering. In such an investment advisory relationship, the portfolio’s investment strategy is more limited by the specific product or investment style being sought by the client. The investments in the portfolio account may include mutual funds, stocks, bonds, ETFs, closed end funds, etc.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us, we will analyze your situation and recommend an appropriate Wrap Fee Program. You will be provided with a targeted strategic allocation of assets by class. We currently offer the following Wrap Fee Programs:

As part of our asset management services provided with our Wrap Fee Programs, we will:

- Conduct an initial interview with the Client (either in person, by telephone conference, and/or via a questionnaire) to determine the Client's financial circumstances, goals, acceptable levels of risk and other relevant circumstances.
- Manage the Client's Account on the basis of the Client's financial circumstances, investment objectives, risk tolerance and time horizon.
- Build a risk management profile for the Client.
- Advise on asset selection.
- Monitor the Client's circumstances through Account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire.
- Assist the Client in setting and monitoring goals and objectives.
- Be reasonably available to consult with the Client relative to the status of the Client's Account.

You must notify us promptly when your financial situation, goals, objectives, personal circumstances, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

We manage assets on a discretionary basis, which means you have given us the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker-dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction.

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professional to assist you with tax planning. You will have the opportunity to meet with us periodically to review the assets in your account.

We will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, and not with us. We recommend Charles Schwab & Co., Inc. ("Charles Schwab" or "Schwab") or TD Ameritrade Inc. ("TD Ameritrade") as the independent custodian for all accounts that we manage. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member.

You will also receive our Advisory Agreement which describes what services you will receive and what fees you will be charged. We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Third Party Money Managers**

We may determine that opening an account with a professional third party money manager is in your best interests. We have contracts with several third party money managers.

These programs allow you to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Due to the nature of these programs, each of the independent money managers is obligated to provide you with a separate disclosure document. You should carefully review this document for important and specific program details, including pricing.

Under these programs, we may:

- Assist in the identification of investment objectives
- Recommend specific investment style and asset allocation strategies
- Assist in the selection of appropriate money managers and review performance and progress
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by you.

You should read the ADV Part 2 disclosure document of the money manager you select for complete details on the charges and fees you will incur.

### **Fees and Compensation**

We have no minimum account opening balance requirement. Our wrap fee program allows you to pay a specified fee for portfolio management services and the execution of transactions. The fee is not based directly upon transactions in your account. The fee is bundled with our costs for executing transactions in your account(s). The fee charged is based upon the amount of money you invest. Multiple accounts of immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes.

Fees are charged monthly or quarterly in advance. Your advisory agreement will detail the frequency with which our fee will be assessed. If client and Firm agree to charge our fees monthly, payment is due and will be assessed on the first business day of each month, based on the average daily balance of the prior month. If client and Firm agree to charge our fees quarterly, payment is due and will be assessed on the first business day of the new quarter, based on the average daily balance of the prior quarter. With respect to investment supervisory services, Firm's fee shall be as follows:

<b>Account Value</b>	<b>Annual Advisory Fee</b>
<b>\$0 - \$50,000</b>	2.25%
<b>\$50,001 - \$100,000</b>	2.00%
<b>\$100,001 - \$250,000</b>	1.75%
<b>\$250,001 - \$500,000</b>	1.50%
<b>\$500,001 - \$1,000,000</b>	1.25%
<b>\$1,000,001 - \$5,000,000</b>	1.15%
<b>\$5,000,001 and Above</b>	1.00%

The fees shown above are annual fees and may be negotiable based upon certain circumstances. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs. The Advisory Agreement will continue in effect until terminated by either party with a thirty-day written notice to the other party, in person or by mail to the address of record. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you.

You will authorize the custodian to directly debit fees from your account held at the custodian and to pay us. You will be provided with a quarterly statement reflecting deduction of the advisory fees. Depending upon the complexity of the client's circumstances, we may offer financial planning and/or consulting services for no additional fee, solely within our discretion.

By participating in a wrap fee program, Clients may end up paying more or less than they would through a non-wrap fee program. The relative cost of the program includes trade execution costs that would typically be passed directly through to the Client by the executing broker. Clients could invest in debt and equities directly, without the Adviser's services. In that case, Clients would not receive the services provided by the Adviser which are designed, among other things, to assist in determining which funds are appropriate for the portfolio and the Client's Account.

In our wrap fee program, we include all trade charges for your account; however, our fees do not include other related costs and expenses. You may incur certain charges imposed by custodians, and other third parties. These include custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

Since the Adviser does not charge Clients fees based on trading activity, the Adviser may have an incentive to limit trading activities in Client account(s) because the Adviser is charged for executing trades. In addition, the amount of compensation received by the Adviser may be more than what the Adviser would receive if the Client paid separately ("unbundled") for investment advice, brokerage, and other services. Therefore, the Adviser may have a financial incentive to recommend the wrap fee program over other programs or services. The Adviser monitors all Client accounts to ensure that the Adviser's fiduciary duty is met for all Clients. Any breaches of the Adviser's fiduciary duty are noted and appropriate repercussions are initiated to deter such behavior.

If the Wrap Fee Brochure is not delivered to the Client at least 48 hours prior to entering into the management agreement, the Client may terminate the agreement for services within five



business days of execution without penalty. After the five-day period, either party, upon 30 days written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the month in which the cancellation notice was given and any unearned fees will be returned to the client via check.

## **Item 5 – Account Requirements and Types of Clients**

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There are no minimum account size requirements.

The Adviser provides portfolio management services to individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **Item 6 – Portfolio Manager Selection and Evaluation**

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### **Portfolio Managers**

Our IARs will serve as the portfolio managers for all Client accounts for the wrap fee program. We do not utilize outside portfolio managers. All client accounts are managed in-house by IARs of D&W.

Our IARs will review performance information provided through the Custodian.

### **Advisory Business**

With respect to the wrap program, the Client has the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction requested.

If such investment restrictions are implemented, the Client will experience a different investment return than what will be realized by the particular model itself. Such performance may be better or worse than the particular model. For these reasons, if a Client wishes to make a request concerning restrictions based on specific securities, it may be more appropriate for the Client to participate in other portfolio management programs. It should be noted, any standardized reports of model performance will not reflect the performance of the particular model with restrictions applied. However, performance reports of the Client's account will accurately reflect the Client's actual account performance with restrictions.

## **Performance-Based Fees and Side-by-Side Management**

The Adviser does not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a Client. The Adviser does not perform side-by-side management.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Our primary methods of investment analysis are fundamental and technical analysis.

Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical analysis involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

### **Investment Strategies**

In order to perform this analysis, we use many resources, such as:

- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings

- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases -securities held at least a year
- Short term purchases - securities sold within a year
- Trading -securities sold within 30 days

### **Material Risks Involved**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. Client understands that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time-to-time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

### **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by

interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Options** and other derivatives carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

### **Voting Client Securities**

As a matter of firm policy and practice, we do not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We are authorized to instruct the custodian to forward you copies of all proxies and shareholder communications relating to your account assets. Further, the Adviser will not be required to take any action or render any advice with respect to any securities held in the Account, which are named in or subject to class

action lawsuits. The Adviser will, however, forward to the Client any information the Firm receives regarding class action legal matters involving any security held in the Account and discuss such information if the Client so desires.

## **Item 7 – Client Information Provided to Portfolio Managers**

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The Adviser has access to all Client information obtained by the Adviser with respect to the particular Client accounts that they manage. The Adviser does not provide Client information to any other portfolio managers.

## **Item 8 – Client Contact with Portfolio Managers**

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The primary point of contact for Clients with respect to this wrap fee program will be our IARs. Clients are always free to directly contact our IARs with any questions or concerns they have about their portfolios or other matters.

## **Item 9 – Additional Information**

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### **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 us or the integrity of our management. We do not have any information to disclose concerning D&W or any of our IARs. We adhere to high ethical standards for all IARs and associates. We strive to do what is in your best interests.

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

Neither D&W nor any of its management persons are registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither D&W nor its management persons are affiliated with any broker-dealer.

### **Other Financial Industry Affiliations**

Managing Member Mark E. Wehrle, is a licensed insurance agent/broker with various companies. The sale of these products accounts for less than 10% of his time.

Mark E. Wehrle may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to clients. When such recommendations or sales are made, a conflict of interest exists as insurance licensed IARs earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that clients may purchase recommended insurance products from other insurance agents not affiliated with us.

### **Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

#### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

#### **Participation or Interest in Client Accounts**

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices
- Participating in client accounts

Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer.

### **Personal Trading**

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IAR(s) of D&W, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

Davis & Wehrle LLC has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of "Access Persons". The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

### **Conflicts of Interest**

Davis & Wehrle LLC representatives may employ the same strategy for personal investment account as they do for clients. However, orders will not be placed in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to



allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

### **Economic Benefits**

The final decision to custody assets with Schwab is at the discretion of the Adviser's clients. D&W is independently owned and operated and not affiliated with Schwab. Schwab provides D&W with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services.

For D&W client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to D&W other products and services that benefit D&W but may not benefit its clients' accounts. These benefits may include national, regional or D&W specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of D&W by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist D&W in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of D&W's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of D&W's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to D&W other services intended to help D&W manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to D&W by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part

of the fees of a third-party providing these services to D&W. While, as a fiduciary, D&W endeavors to act in its clients' best interests, D&W's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to D&W of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Review of Accounts**

Reviews will be conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer Kevin Davis. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened the account. You will be provided with paper confirmations for each securities transaction executed in the account. You are obligated to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

### **Client Referrals and Other Compensation**

We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

### **Financial Information**

We do not solicit fees of more than \$500, per client, six months or more in advance. We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

## **Item 10 – Requirements for State Registered Advisers**

### **Firm Principals**

There are two principals of D&W, Kevin Davis, Partner & CCO and Mark Wehrle, Partner.

Neither the firm nor Kevin Davis or Mark Wehrle has any relationship with any issuer of securities.