

Brochure

Form ADV Part 2A

Item 1 - Cover Page



**Davis Wealth Management
SEC File # 801-70254**

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This Brochure provides information about the qualifications and business practices of Davis Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 919-421-1555 or info@dwmadvisorsllc.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Davis Wealth Management is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Davis Wealth Management also is available on the SEC's website at www.AdviserInfo.sec.gov.

Item 2 - Material Changes

There have been no material changes to this ADV Part 2A, Firm Brochure since the most recent Annual Update filing on March 11, 2016. However, this Brochure has been amended at Item 4 to enhance disclosures, and at Item 17 to confirm that Davis Wealth Management does not vote proxies or any elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events pertaining to clients' investment assets.

ANY QUESTIONS: Davis Wealth Management's Chief Compliance Officer, Joseph P. Davis, remains available to address any questions that a current or prospective client may have about this ADV Part 2A, Firm Brochure.

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Item 4 - Advisory Business

General Information

Davis Wealth Management (“DWM”) is a North Carolina Limited Liability Company formed in 2009, which became registered as an Investment Adviser with the Securities and Exchange Commission on June 1, 2009. DWM provides financial planning and portfolio management services to its clients. DWM may also provide consulting services to clients, including private equity managers, private equity funds or other entities, including entities in which DWM recommends other clients invest.

Joseph P. Davis is the sole principal owner of DWM. Please see the ADV Part 2B, Brochure Supplement, for more information about Mr. Davis and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of July 8, 2016, DWM managed \$100,784,617 on a discretionary basis, and no assets on a non-discretionary basis.

SERVICES PROVIDED

At the outset of each client relationship, DWM spends time with the client, asking questions, discussing the client’s investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, DWM generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan”).

The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan generally outlines the types of investments DWM will make on behalf of the client intended to meet those goals, and typically includes the identification of one of several asset allocation models, which determines the portfolio’s exposure to equities, fixed income investments, alternative investments and cash. The Financial Profile and the Investment Plan are discussed regularly with each client, but are not necessarily written documents.

Financial Planning

DWM offers limited financial planning services to those clients in need of such service in conjunction with Portfolio Management services. DWM’s limited financial planning services normally address areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client’s Investment Plan. Financial planning is not offered as a stand-alone service or for a separate fee, but is typically provided in conjunction with the management of the portfolio.

DWM Direct Portfolio Management

As described above, at the beginning of a client relationship, DWM meets with the client, gathers information and performs research and analysis as necessary to develop the client’s Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by DWM based on updates to the client’s financial or other circumstances. In accordance with the established goals of the client portfolio, DWM will select a combination of investments which may include but is not limited to: mutual funds, exchange traded funds, stocks, fixed income securities, alternative investments and cash equivalents.

To implement the client's Investment Plan, DWM will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, DWM will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on DWM in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Such restrictions may or may not be available with any Managers that are utilized. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of DWM.

Separate Account Managers

When appropriate and in accordance with the Investment Plan for a client, DWM may recommend the use of one or more Separate Account Managers, each a "Manager". Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment objectives of the client. DWM will select the Manager(s) it deems most appropriate for the client. Factors that DWM considers in recommending/selecting Managers generally includes the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will be granted discretionary trading authority to provide investment supervisory services for the portfolio, but DWM normally retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent. With respect to assets managed by a Manager, DWM's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

Clients are responsible for paying the Managers' fees, which are generally accessed through one of two Programs sponsored by Charles Schwab & Co., Inc. ("Schwab"). Set forth below is a description of the Programs, followed by an explanation of the applicable fee structures.

Managed Account Select ("Select") and Managed Account Access ("Access") (Wrap Programs)

A wrap account arrangement is one in which Manager and brokerage expenses are combined into one fee. These two Wrap Programs are sponsored by Schwab, and provide firms like DWM with an array of Managers from which to choose on behalf of their clients. The Programs provide research and, in the case of Select Accounts, ongoing analysis of the Managers, which helps DWM continually monitor and evaluate its clients' investments. The Programs streamline the paperwork necessary to gain access to multiple Managers, and provide reporting to both DWM and directly to clients, facilitating communication and understanding. Both Select and Access allow relatively low minimum investments, affording DWM increased opportunity to utilize multiple Managers, if appropriate, for a particular client.

Managed Account Marketplace (“Marketplace”)

DWM may also utilize Managers in Schwab’s Marketplace Platform. Marketplace is similar to Select and Access, in that it provides firms like DWM with a selection of Managers with various management styles from which to choose on behalf of client accounts. However, in this case each Manager selected will normally enter into a Sub-Advisory agreement with DWM, which gives DWM the sole discretion to retain or dismiss any Manager on behalf of any client account. In some cases, the client may enter into a direct contract with the Manager. In all cases, the Manager(s) will assess and deduct their fees separately from DWM’s fee and is also separate from any brokerage expenses incurred.

Miscellaneous Disclosures

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by a client, DWM may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. DWM does not serve as a law firm, accounting firm, or insurance agency, and no portion of DWM’s services should be construed as legal, accounting, or insurance implementation services. Accordingly, DWM does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, DWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by DWM or its representatives. Please Note: If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If DWM recommends that a client roll over their retirement plan assets into an account to be managed by DWM, such a recommendation creates a conflict of interest if DWM will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by DWM. DWM’s Chief Compliance Officer, Joseph P. Davis, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

Wrap / Separately Managed Account Programs. In the event that DWM is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, DWM will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that DWM is engaged to provide investment advisory services as part of an unaffiliated managed account program, DWM will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the

amount of transaction fees and/or commissions to be charged to the participant investor accounts. Please Note: DWM will be unable to negotiate commissions, transaction costs, and/or seek better execution. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by DWM. Higher transaction costs adversely impact account performance. DWM's Chief Compliance Officer, Joseph P. Davis, remains available to address any questions that a client may have regarding participation in a wrap fee program.

Unaffiliated Private Investment Funds. DWM may provide investment advice regarding unaffiliated private investment funds. DWM, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. DWM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) may be included as part of "assets under management" for purposes of DWM calculating its investment advisory fee. DWM's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that DWM references private investment funds owned by the client on any supplemental account reports prepared by DWM, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

Client Obligations. In performing its services, DWM shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify DWM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising DWM's previous recommendations and/or services.

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by DWM) will be profitable or equal any specific performance level(s).

Item 5 - Fees and Compensation

General Fee Information

Fees paid to DWM are exclusive of all custodial and transaction costs paid to the client's custodian, brokers, Managers or other third party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to DWM are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Managers, DWM and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

DWM Direct Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is not to exceed 1.25%. In addition, each client account will pay a transaction-based fee, negotiated with Schwab by DWM, on individual trades as applicable. This fee will be reflected on the confirmations sent to each client for each trade by Schwab. Schwab encourages clients to choose to receive statements electronically, rather than selecting to receive paper statements through the mail. Schwab therefore offers to reduce individual transaction fees for clients who select to receive statements by electronic delivery.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either DWM or the client may terminate their Investment Advisory Agreement at any time, subject to any written notice requirements in the investment management agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to DWM from the client will be invoiced or deducted from the client's account prior to termination.

Wrap Program Fees

DWM, Schwab and each Manager provide individual services to the client, and therefore charge separate fees based on assets under management under the terms and conditions of a separate agreement executed by the client. Under the wrap agreement (Select and Access), Schwab bundles together the brokerage and Managers' fees, and assesses this fee monthly in arrears. DWM is required to charge its fee separately, which it does quarterly in advance. DWM's fee is normally 1.0% per year under this engagement, but may be negotiated.

Managed Account Marketplace

Under this arrangement, the selected Manager(s) will assess their fee based on assets under management and will bill the account separately either monthly or quarterly in arrears under the terms and conditions of a separate agreement executed by the client. In addition, DWM's typical annual fee of 1.0% will be assessed quarterly in advance. Under certain circumstances, in the sole discretion of DWM, its fees may be negotiated.

General Consulting

DWM may receive compensation for providing consulting services to individual clients as well as to other clients such as private equity managers, private equity funds and other types of entities, including entities in which DWM recommends other clients invest. All consulting fees are

negotiated based upon the scope and amount of work involved, which is generally based upon an hourly rate of \$250. With respect to consulting engagements with clients for which DWM also provides Portfolio Management services, any compensation received by DWM for consulting services is in addition to DWM's Investment Management fees.

Other Compensation

Neither DWM, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 - Performance-Based Fees and Side-By-Side Management

DWM does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because DWM has no performance-based fee accounts, it has no side-by-side management.

Item 7 - Types of Clients

DWM serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$500,000. DWM does not impose a minimum annual fee.

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

Methods of Analysis

In accordance with the Investment Plan, DWM generally selects mutual funds, ETFs, stocks, bonds, private equity and/or debt investments, Separate Account Managers and cash equivalents for client accounts.

In selecting Separate Account Managers, DWM generally relies on the research provided by Schwab on the Managers in the Programs sponsored by Schwab. DWM reviews the research provided and may interview managers. Track record data, peer group analysis, social screening, and manager continuity are just some of the criteria that are utilized when evaluating a prospective manager. It is DWM's responsibility to monitor Managers and when there is a significant style drift, management change or stock selection program change, the relationship may be terminated.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor overall ratings for safety and returns, and other factors.

Private offerings are evaluated on a number of factors, including without limitation: opportunity for income; growth potential; risk of loss, capital call schedule, length of lock-up, and experience of management.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of reduced volatility. DWM may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration. DWM may also utilize one or more fixed income Separate Account Managers if appropriate for a client's Investment Plan.

Investment Strategies

DWM's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Short Sales – a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk of Loss

While DWM seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While DWM manages client investment portfolios based on DWM's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that DWM allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that DWM's specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, DWM will invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. DWM will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are

nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Risks Related to Alternative Investment Vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time. Investments in alternative investment vehicles may be extremely illiquid and may require investors to bear the financial risks of the investment for an indefinite period of time.

Fixed Income Risks. DWM may invest portions of client assets directly into fixed income instruments, such as bonds, notes and T-bills or may invest in pooled investment funds that invest in bonds, notes, and T-bills. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. DWM may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Liquidity Risk. DWM may invest portions of client assets in securities that are illiquid or otherwise have certain selling restrictions placed on them. Such securities may be difficult or impossible to liquidate on favorable terms. If such securities cannot be liquidated at the time and the price that would normally prevail in the market, a client could be exposed to a loss on such securities.

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 a client's evaluation of DWM or the integrity of DWM's management. DWM has no disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Neither DWM, nor its representatives, are registered or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or a representative (including registered representative) of any of the foregoing. DWM does not receive, directly or indirectly, compensation from other investment advisors. Joseph P. Davis, the majority owner and an officer of DWM, has a financial interest in ADA Capital Group, Inc. ("ADA"), a private offered pooled investment vehicle. Mr. Davis owns a controlling interest in ADA and may receive a fee for serving as a director of ADA. DWM does not provide investment advisory services to ADA and does not receive any fees directly from ADA. To mitigate any conflict of interest, neither DWM nor any of its representatives recommend that advisory clients invest in ADA.

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

Code of Ethics and Personal Trading

DWM has adopted a Code of Ethics (the "Code"), the full text of which is available to you upon request. DWM's Code has several goals. First, the Code is designed to assist DWM in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, DWM owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with DWM (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for DWM's associated persons. Under the Code's Professional Standards, DWM expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, DWM associated persons are not to take inappropriate advantage of their positions in relation to DWM clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, DWM's associated persons may invest in the same securities recommended to clients. Under its Code, DWM has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

As described in ***Item 10*** above, when appropriate DWM may recommend that clients invest in a private investment vehicle for which a Management Person serves as director and also maintains a majority interest. Under such circumstances the client's account will be subject to fees from the private investment vehicle in addition to DWM's normal management fees. DWM discloses the additional compensation to clients when making a recommendation to invest in the private investment vehicle.

Because associated persons may invest in the same securities as those held in client accounts, DWM has established a policy requiring its associated persons to pre-clear transactions in certain of these securities with DWM's Chief Compliance Officer ("CCO"). The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Some types of securities, such as CD's, ETFs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, DWM's goal is to place client interests first.

Consistent with the foregoing, DWM maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a DWM associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the CCO.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with DWM's written policy.

Where appropriate and in accordance with applicable law, DWM may recommend that clients invest in or purchase an interest in private equity funds or other entities for which DWM provides consulting services. DWM does not receive compensation for the sale or recommendation of investments in entities to which DWM provides consulting services. However, DWM may have a conflict of interest in recommending investments in such entities because it receives consulting fees from such entities. Clients have a right, at any time, to prohibit DWM from investing any of their managed assets in entities to which DWM provides consulting services.

Item 12 - Brokerage Practices

Best Execution and Benefits of Brokerage Selection

DWM may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. DWM may also effect trades for client accounts at Schwab, or may in some instances, consistent with DWM's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although DWM may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. DWM is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides DWM with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help DWM manage or administer our clients' accounts while others help DWM manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For DWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to DWM other products and services that benefit DWM but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of DWM accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist DWM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of DWM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help DWM manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to DWM. 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 DWM. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of DWM personnel. In evaluating whether to recommend that clients custody their assets at Schwab, DWM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers 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.

DWM also participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"). TD Ameritrade offers its Program to independent investment advisers. The Program includes such services as custody of securities, trade execution, clearance and settlement of transactions. DWM receives some benefits from TD Ameritrade through its participation in the Program. DWM is independently owned and operated and is not affiliated with TD Ameritrade.

DWM may recommend TD Ameritrade to clients for custody and brokerage services. While there is no direct link between DWM's participation in the Program and the investment advice it gives to its clients, through its participation in the Program DWM receives economic benefits that are typically not available to TD Ameritrade retail investors. These benefits generally include, without limitation, the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Program participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to DWM by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by DWM's related persons.

These services are not soft dollar arrangements, but are part of the institutional platform offered by TD Ameritrade

Some of the products and services made available by TD Ameritrade through the Program may benefit DWM but may not directly benefit its Client accounts. These products or services may assist DWM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help DWM manage and further develop its business enterprise. The benefits received by DWM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, DWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by DWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence DWM's choice of TD Ameritrade for custody and brokerage services.

Directed Brokerage

Clients may direct DWM to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that DWM has with the Custodians is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing DWM to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with DWM that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Aggregated Trade Policy

DWM may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows DWM to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

DWM will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of DWM's Investment Advisory Agreement with each client for which trades are

being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all DWM's transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

DWM will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of DWM. DWM's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and DWM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

Cross Trades

From time to time, DWM may direct a "cross trade" of securities (including, without limitation, fixed income securities) between client accounts, whereby DWM arranges for one client account to purchase a security directly from another client. In such cases, DWM will seek to obtain a price for the security from one or more independent sources. DWM is not a broker-dealer and receives no compensation from a cross trade; however, the broker-dealer facilitating the cross trade normally charges administrative fees to the clients' accounts.

DWM may direct a cross trade when DWM believes that the transaction is in the best interest of the clients, that no client will be disfavored by the transaction, and that the transaction is consistent with DWM's duty to seek best execution.

Item 13 - Review of Accounts

Managed portfolios are reviewed at least quarterly by DWM's investment adviser representatives, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by DWM. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all

trading activity, and year-end tax statements, such as 1099 forms. In addition, DWM provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Item 14 - Client Referrals and Other Compensation

As noted above, DWM may receive economic benefits from Schwab or TD Ameritrade in the form of support products and services it makes available to DWM and other independent investment advisors that have their clients maintain accounts at Schwab or TD Ameritrade. These products and services, how they benefit DWM, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of Schwab and TD Ameritrade's products and services to DWM is based solely on DWM's participation in the programs and not in the provision of any particular investment advice. There is no corresponding commitment made by DWM to these custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. Neither Schwab or TD Ameritrade nor any other party is paid to refer clients to DWM.

Item 15 - Custody

Schwab is the primary custodian for most client accounts at DWM. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify DWM of any questions or concerns. Clients are also asked to promptly notify DWM if the custodian fails to provide statements on each account held.

From time to time and in accordance with DWM's agreement with clients, DWM will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times, there may be small differences due to the timing of dividend reporting and pending trades.

Item 16 - Investment Discretion

As described above under ***Item 4 - Advisory Business***, DWM manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client's investment portfolio, DWM will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving DWM the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. DWM then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's Investment Advisory Agreement with DWM and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between DWM and the client.

Item 17 - Voting Client Securities

DWM does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events pertaining to the client's investment assets. However, clients may contact DWM to discuss any questions they may have with a particular solicitation.

Item 18 - Financial Information

DWM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. DWM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. DWM has not been the subject of a bankruptcy petition.

ANY QUESTIONS: DWM's Chief Compliance Officer, Joseph P. Davis, remains available to address any questions that a current or prospective client may have about this ADV Part 2A, Firm Brochure