

## **Item 1 – Cover Page**

**Duncan Williams Asset  
Management, LLC**  
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Wrap Fee Program Brochure Part 2A Appendix 1

Date of Brochure Appendix: March 2018

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This brochure provides information about the qualifications and business practices of Duncan Williams Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (901) 435-4250. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Duncan Williams Asset Management, LLC., is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Duncan Williams Asset Management's name or by using the firm's CRD number which is: 174809.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2017, the following material changes have been made:

- In addition to disclosing our Assets Under Management total within the ADV, we are also disclosing our total Assets Under Advisement. The total Assets Under Management as of December 31, 2016 increased from \$146,908,242 to \$198,740,686 as of December 31, 2017. The amount of client assets under advisement (which includes our assets under management reported in Part I of the ADV and assets managed on behalf of 401(k) Plans), totaled \$277,443,604 as of December 31, 2017, with \$ 77,867,231 advised on a discretionary basis and \$199,576,373 advised on a non-discretionary basis.

Form ADV's instructions on calculating assets under management in Part I of the Form ADV only permits assets managed on a non-discretionary basis to be included if we are responsible for executing the purchase and sale of the securities we recommend. We are engaged by sponsors of 401(k) accounts to regularly provide management advice on a non-discretionary basis, and if our recommendations are selected, we are responsible for modifying the menu of available investment options for the plan participants. However, we do not execute individual securities transactions on behalf of 401(k) participants. We consider these 401(k) Plan client assets in calculating our total assets under advisement since we regularly provide investment advice on a non-discretionary basis with respect to these assets.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures with 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Services, Fees and Compensation**

Duncan Williams Asset Management (hereafter referred to as “DWAM”) offers a Wrap Fee program (“Program”) whereby the Firm provides ongoing management to Client accounts for a single fee that includes portfolio management services, custodial services and the transaction/commission costs. Under this Program, customers have the option to obtain investment advice either on a discretionary or non-discretionary basis in a manner designed to assist Clients in obtaining professional asset management for a convenient single “Wrap Fee.”

As the portfolio manager, we are responsible for the research, security selection and implementation of transaction orders in the Client’s account or for the selection of sub-advisor “money managers” who conduct research, security selection and implementation of transaction orders. The transactions in the Client’s account will be executed by Charles Schwab (“Schwab”). DWAM receives a portion of the Wrap Fee for portfolio management services and Schwab will also receive a portion of the fee for trade execution expenses. The terms and conditions under which a Client participates in DWAM’s Wrap Fee program will be set forth in a written agreement between the Client and DWAM. The overall cost incurred from participation in our Wrap Fee program may be higher or lower than if the services were purchased separately.

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

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for your accounts);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.) and willingness to negotiate them;
- Reputation, financial strength and stability of the provider;
- Their prior service to us and our clients;
- Availability of other products and services that benefit us, as discussed below.

Schwab also makes available to DWAM other products and services that benefit us but may not benefit its clients’ accounts. These benefits may include national, regional or DWAM specific educational events

organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of DWAM by Schwab 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 DWAM 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 DWAM'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 DWAM's accounts, including accounts not maintained at Schwab. Schwab also makes available to DWAM other services intended to help DWAM 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 DWAM by independent third parties. Schwab 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 DWAM. While, as a fiduciary, DWAM endeavors to act in its clients' best interests, DWAM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us 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.

### **Program Fee**

Under the Program, our advisory services (including portfolio management or advice regarding selecting money managers) and transaction services are provided for one fee.

For suitability purposes, each investment in each account is reviewed according to investment objectives, risk tolerance and overall net worth. Investments are recommended as part of a holistic wealth management approach to asset allocation for accounts within a wrap-fee program. The essential difference between transactional accounts and those under management in a wrap-fee program is the way in which transaction services are paid.

Charles Schwab & Co., Inc. provides us with technology to assist with order entry, account viewing and account tracking of the DWAM wrap fee program. With respect to accounts utilizing technology, Schwab is responsible for delivering clearing and custody services and providing statements and confirms through a clearing and custody arrangement with us. We are not affiliated with Schwab. Schwab maintains custody of all Program assets and neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities.

There is a \$500,000 minimum account value required to establish a DWAM Wrap Program account, although we may grant exceptions on a case by case basis at our sole discretion. Our clients are permitted to bundle household accounts to reach the minimum.

DWAM offers asset management programs that are billed in a manner that has been agreed to between the advisor and the client. Fees may be charged in a tiered management fee schedule or on a flat fee basis. If the tiered asset management fee billing option is selected the annual fee for asset management services will vary depending upon the value of the assets under management in the client account. The fees will be based upon the following schedule:

| <b>Value of Asset Under Management</b> | <b>Annual Fee Amount</b> |
|--|--------------------------|
| \$0-\$999,999                          | 2.00%                    |
| \$1,000,000-\$2,499,999                | 1.75%                    |
| \$2,500,000-\$4,999,999                | 1.50%                    |
| \$5,000,000-\$9,999,999                | 1.25%                    |
| \$10,000,000-Above                     | Negotiable               |

DWAM also provides asset management under a flat fee arrangement. A mutually agreed upon flat fee is charged for asset management services under this arrangement. If the Flat Fee Asset Management fee billing option is selected the annual fee for asset management services generally range between .50% and 2.00%. The annual management fee for DWAM Program accounts is negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. Our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

The selected fee billing option and the exact fee to be charged is disclosed in the client agreement that must be signed by both you and us before any services are provided.

For either billing option, the Management Fee is billed in advance on a quarterly basis. The effective date of the fee will be the first day of the quarter during which the client agreement was signed. The initial Management Fee will be prorated to cover the period from the date the Account is opened and approved, through the end of the then current full calendar quarter. For purposes of calculating the initial and subsequent Management Fee, the Account's value includes the sum of the market value of all securities (less margin debit balances), money market, and cash. No fee adjustment will be made for partial withdrawals or for appreciation or depreciation of the Account within a quarterly billing period. In accordance with the terms of the individual Agreement, a pro-rata refund of fees charges will be made to Client if the Account is closed within a quarterly billing period.

Advisory fees are generally deducted from your account although you can also request that they be billed directly to you. If fees are deducted from your account, you must authorize the qualified custodian to deduct fees from your account and pay the fees directly to DWAM. If you choose to have fees billed directly to you, they are due upon receiving our billing notice. The billing notice details the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm are due immediately after your receipt of the billing notice.

Program descriptions within the DWAM Wrap Program are as follows:

**Duncan Williams Asset Management Select Account Program – Non-Discretionary**

DWAM's Select Account program (Non-Discretionary) is a program where portfolio management services are provided to the client on a non-discretionary basis for a management fee based on the value of the account. As a non-discretionary account the client retains final decision-making authority with respect to all transactions. The advisor and client will work together to identify an appropriate investment strategy. The advisor will monitor the account to ensure it remains consistent with the strategy and make recommendations as needed.

Additional services:

- Recommendation of customized asset allocation;
- Recommendations by the advisor to invest, reinvest, sell or retain assets, if appropriate;
- Ongoing monitoring of the account by the advisor; and
- Advice by the advisor on the client's proposed unsolicited transactions.

#### **Duncan Williams Asset Management Select Account Program – Discretionary**

DWAM's Select Account Program – Discretionary is a program where portfolio management services are provided to the client on a discretionary basis for a management fee based on the value of the account. As a discretionary account, the advisor is not required to contact the client prior to each transaction. The advisor and client will work together to develop an investment strategy. The advisor will monitor the account to ensure it remains consistent with the investment strategy and that the strategy remains appropriate.

Additional services:

- Investing, reinvesting, selling or retaining assets at the financial advisor's sole discretion, based on client investment questionnaire in Exhibit B of the Investment Advisory Agreement;
- Ongoing monitoring and security selection by the advisor;
- Development of customized asset allocation;
- Rebalancing of the securities as needed to conform to the investment allocations and/or for deposits/withdrawals; and
- Advice by the advisor on the client's proposed unsolicited transactions.

#### **Duncan Williams Asset Management Model Portfolio Account Program - Discretionary**

DWAM's Model Portfolio Account Program is a program where portfolio management services are provided to the client for a management fee based on the value of the account. The advisor will help the client choose one of five discretionary model portfolios (Conservative, Balanced, Moderate Growth, Growth and Aggressive) that vary in risk and return objectives. These discretionary portfolios are managed in house by the DWAM Investment Committee. As a discretionary account, the advisor is not required to contact the client prior to each transaction. The advisor and client will work together to identify and implement an appropriate investment strategy. The Investment Management Group ("IMG") will monitor each model portfolio to ensure it remains consistent with its intended risk and return goals. The advisor will work with the client to ensure that the client's personal investment strategy remains consistent with the selected portfolio.

Additional services:

- Investing, reinvesting, selling or retaining assets by the DWAM Investment Committee;
- Ongoing monitoring and security selection by the DWAM Investment Committee;
- Development of customized asset allocation; and
- Rebalancing of the securities as needed to conform to the investment allocations.

#### **Duncan Williams Asset Management Separately Managed Account Program – Discretionary**

DWAM's Separately Managed Account Program provides the client access to select third-party asset managers ("money managers") that are covered by DWAM, meaning that DWAM conducts initial and ongoing research and due diligence on these managers. To be a covered money manager, certain information must be readily available to support DWAM's initial and ongoing due diligence of the money manager and the money manager must meet DWAM's qualitative due diligence requirements. DWAM is the sponsor of the program and the money manager has direct access to trade the account. Periodic information regarding the money manager and its strategy will be available to DWAM's representatives to provide to clients upon request.

Additional services:



- Third-party money manager shall invest, reinvest, sell or retain assets in its sole discretion for this account;
- Ongoing recommendation of asset allocation; and
- Ongoing monitoring of the account by the advisor.

### ***Ancillary Services***

DWAM may provide additional services ancillary to our primary services of providing investment advice, such as providing consolidated reporting.

### ***Additional Fees and Expenses***

Except as otherwise provided, the Client will incur no charges other than the adviser's fee pursuant to the fee schedule provided in connection with the maintenance of and activity in client's account. DWAM's wrap fee does not include mutual fund management, administrative and marketing fees and expenses, embedded ETF fees, regulatory surcharges, custodian fees such as account termination, IRA annual and maintenance fees and other non-commission/transaction based administrative fees. To the extent that securities transactions are executed away from Schwab, there may be commission mark-up and mark-downs that the client will pay in addition to DWAM's wrap fee.

Third-party managers generally have account minimum requirements that will vary among third-party money managers. The third-party managers may charge additional transaction costs and fees that are excluded from the wrap fee that the client pays, which is paid separately by the client. Money managers associated with our advisory programs have the option of executing transactions away from Schwab if they believe it is in the client's best interest to do so. In such cases, the costs associated with execution of the transactions will be included within the net price paid or received by the customer for the securities purchased and sold. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you may vary. DWAM submits billing to Schwab directly.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

### ***Termination***

Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

Duncan Williams Asset Management does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Additional Compensation**

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar

expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact our judgment when making advisory recommendations.

### ***Discretionary Authority***

If a discretionary account is chosen, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our Firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining approval for each transaction. This type of authorization is granted using either the investment advisory agreement the Client signs with our Firm. Clients may limit the Firm's discretionary authority if they wish. For example, the client may set a limit on the type of securities that can be purchased for their account. All such restrictions must be provided in writing.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

### **Item 5 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Charitable Organizations
- Corporations or other business entities
- Institutional Clients

### **Minimum Investment Amounts Required**

There is a minimum \$500,000 required to establish a wrap program, although we may grant an exception from time to time on a case by case basis in our sole discretion.

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

We and our representatives act as the portfolio manager(s) for the DWAM Wrap Program ("Program"), which is a wrap fee program. The Program does not allow the use of portfolio managers that are not associated with us. In other words, the only portfolio managers selected for managing client assets in the Program are our representatives. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in the Program. Because the Program does not provide for outside portfolio managers, we do not have procedures designed to select outside portfolio managers. Many of the disclosures required by this section of the Item 2A Appendix Disclosure Brochure do not apply to us. The disclosures that do apply are answered below.

### **Types of Advisory Services**

In addition to the management services described above, we provide the following investment advisory services, personalized to each individual client:

#### **Advisory Consulting Services**

DWAM provides general consulting services that focus on the specific needs and concerns of the Client.

Consulting services may include giving advice on investment and investment related matters. These services include the identification of financial goals and objectives, collection and assessment of all relevant data, identification of financial problems and formulation of solutions, and the preparation of a written or verbal financial plans. The services we provide will typically focus on one or more of the following areas:

- **Retirement Planning** – Retirement planning is a process of determining retirement income goals and the actions and decisions necessary to achieve those goals. Retirement planning includes identifying sources of income, estimating expenses, implementing a savings program and managing assets. Future cash flows are estimated to determine if the retirement income goal will be achieved.
- **Investment Planning** – The goal of investment planning is to determine the investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. The process realizes strengths, weaknesses, opportunities and risks in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other tradeoffs encountered in the attempt to maximize return at a given risk.

Financial plans are based on the Client's financial situation and the financial information provided to our Firm. If the Client's financial situation, goals, objectives, or needs change, the Client must notify us promptly.

#### **Advice on Certain Types of Investments**

We offer investment advice to clients on the following types of investments:

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Mutual fund shares
- ☐ Exchange Traded Funds
- ☐ Unit Investment Trusts
- ☐ United States government securities
- ☐ Option contracts on securities
- ☐ Interests in partnerships investing in real estate
- ☐ Interests in hedge funds

However, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Additional information is provided below concerning portfolio holdings in managed accounts.

#### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisory relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

You have sole discretion about whether or not to contract for our services. In addition, you have discretion about whether or not to implement any recommendations made by our advisers. Clients who decide to proceed with our recommendations, may do so either through our Firm or by using the advisory firm of their choice.

### **Wrap-Fee Program versus Portfolio Management Program**

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Program, which consists of the four options described in Item 4 above, is a wrap-fee program. Whenever a fee is charged to a client for management services (whether wrap fee or non-wrap fee), we receive all or a portion of the fee charged. We do not receive any compensation except advisory fees in wrap fee programs.

For suitability purposes, each investment in each account is reviewed according to investment objectives, risk tolerance and overall net worth. Investment are recommended as part of a holistic wealth management approach to asset allocation for accounts within a wrap-fee program. The essential difference between transactional accounts and those under management in a wrap-fee program is the way in which services are paid.

As DWAM absorbs certain transaction costs in wrap fee accounts, we may have a financial incentive not to place transaction orders in those accounts since doing so increases our transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

### **Client Assets Managed by Advisor**

The amount of clients assets managed by Advisor totaled \$198,740,686 as of December 31, 2017, with \$77,867,231 managed on a discretionary basis, and \$120,873,455 managed on a non-discretionary basis.

The amount of client assets under advisement (which includes our assets under management reported in Part I of the ADV and assets managed on behalf of 401(k) Plans), totaled \$277,443,604 as of December 31, 2017, with \$77,867,231 advised on a discretionary basis and \$199,576,373 advised on a non-discretionary basis.

Form ADV's instructions on calculating assets under management in Part I of the Form ADV only permits assets managed on a non-discretionary basis to be included if we are responsible for executing the purchase and sale of the securities we recommend. We are engaged by sponsors of 401(k) accounts to regularly provide management advice on a non-discretionary basis, and if our recommendations are selected, we are responsible for modifying the menu of available investment options for the plan participants. However, we do not execute individual securities transactions on behalf of 401(k) participants. We consider these 401(k) Plan client assets in calculating our total assets under advisement since we regularly provide investment advice on a non-discretionary basis with respect to these assets.

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

Performance-based fees are defined as fees based on a share of capital gains or capital appreciation of the assets held in a client's account. We do not receive performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees.

### **Methods of Analysis**

We use fundamental, technical, cyclical and charting analysis when considering investment strategies and recommendations for clients.

#### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### ***Cyclical***

Cyclical analysis looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (i.e., housing, automobiles, telecommunications, paper, etc.). Non-cyclical industries (i.e., food, insurance, drugs, health care, etc.) are not as directly impacted by economic changes.

### ***Charting***

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

### **Investment Strategies**

The investment strategies used when implementing investment advice 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)
- Option writing (Including covered options, uncovered options or spreading strategies). Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time).
- Margin

We gather information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses and other filings with the Securities and Exchange Commission and company press releases. For managed Program accounts, we may also use information, research, analysis, recommendations and asset allocation methodology of third party providers.

## ***Risk of Loss***

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. You should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk.

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.
- The account or custodian or clearing firm can increase its "house" maintenance margin requirements at any time and are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call

Performance reporting for advisory accounts is conducted by the Investment Management Group of DWAM ("IMG") using Black Diamond. Black Diamond offers customizable performance reporting using portfolio management solutions to automatically calculate internal and time weighted rates of return for individual holdings and overall portfolios, both absolute and relative to any benchmark designated. Customized performance reporting templates have been preapproved for use by the President and CCO and/or designee, prior to presenting to a client.

## **Voting Client Securities**

Unless we are required by law, we do not vote proxies on your behalf. You should read through the proxy materials provided and make a determination on the issues presented. You have sole responsibility for voting proxies.

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

Because only our representatives serve as portfolio managers for the DWAM Fund Wrap Program, the representatives are responsible for gathering all information provided by you. They interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through the Program. You are responsible for promptly contacting your representative to notify them of any changes to your financial situation that impacts or materially influences the way we manage your accounts.

## **Confidentiality**

DWAM views protecting its clients' private information as a top priority and, pursuant to the requirement of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

DWAM does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, DWAM may share some information with its service providers, such as custodians.

DWAM restricts internal access to non-public personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. DWAM maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its Clients on an annual basis. Please contact us with any questions concerning this policy.

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

Because only our representatives serve as portfolio managers for the DWAM Fund Wrap Program, there are no restrictions placed on your ability to contact and consult with your portfolio managers. It is our policy to provide for open communications between our advisers and you. You are encouraged to contact your advisers whenever you have questions about the management of your account(s).

Restrictions are imposed for Clients invested in the DWAM Separately Managed Account Program. This Program is managed by third-party money managers where DWAM acts as the intermediary between the client and the manager.

## **Item 9 – Additional Information**

### **Disciplinary Information**

We have no legal or disciplinary events that we believe are material to your evaluation of our business or the integrity of our management.

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

Duncan F. Williams owns a controlling membership interest in DWAM and is a director. Mr. Williams is a director, shareholder, and executive officer of Duncan-Williams, Inc., a registered broker-dealer and registered investment adviser ("DWI"). From time to time we may recommend securities (or other investment products) to advisory clients in which we or any related person has the proprietary ownership or interest. Clients of DWAM are under no obligation to engage DWI as a broker-dealer or investment adviser, to effect securities transaction, or to purchase any other products from or through DWI or any of its representatives acting on its behalf. DWAM and DWI have entered into a services agreement in which DWI provides certain administrative services on behalf of DWAM. These services include the following:

- Back office investment operation support,
- Marketing support,
- Administrative support,
- Personnel support,
- Compliance support, and
- Legal and Tax support.

DWAM has agreed to pay DWI a fee in consideration for providing these services. Either party may terminate this agreement upon providing at least 60 days prior notice.

We are not and do not have a related person that is:

- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, and offshore fund) a futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- Real estate broker or agent
- A pension consultant
- A sponsor or syndicator of limited partnerships

### **Private Investment Company**

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products and provide services outside of their role as investment advisor representative with us.

### ***Third-Party Money Managers***

We have formed relationships with independent, third-party money managers.

We may recommend you work directly with third-party money managers. When we refer you to a third party money manager, we receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

### **Code of Ethics**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers*



*Act of 1940.* As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our own or our supervised persons' own investment interests. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

### **Participation in Client Transactions and Personal Trading**

Our associated persons may buy or sell securities or have an interest or position in a security for our personal account that is also recommended to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that no associated persons will prefer his or her own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for all associated persons, which is reviewed on a regular basis by a principal of the firm. This log is available for client review upon request.

### **Account Reviews**

DWAM monitors the individual investments within DWAM's portfolio management programs on a continuous basis. Portfolio performance is reviewed, at a minimum, on a quarterly basis. In addition, the adviser's supervisor (or designee) also reviews the accounts. At a minimum, wrap fee program accounts are reviewed on a quarterly basis.

The calendar is the main triggering factor, although more frequent reviews may also be triggered by your specific request, by changes in your circumstances or unusual market activity.

Absent your specific instructions, accounts are reviewed for accuracy of holdings and to ensure that the portfolios continue to work toward your goals and objectives.

### **Account Reports**

You receive statements at least quarterly from the custodian where your accounts are maintained. In addition, you may elect to receive quarterly or on-demand position and performance reports from us. There is no charge for the reports we prepare for you.

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

While we do not currently have any arrangements in place, we may enter into agreements with unaffiliated solicitors (referring parties) to refer client to us. If a client is referred to us by a solicitor, the solicitor provides the client with a copy of our Disclosure Brochure as required by Rule 204-3 of the *Investment Advisors Act of 1940*. *The client also receives a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-3 of the Investment Advisors Act of 1940.* If a referred client enters into an investment advisory agreement with us, a referral fee is paid to the solicitor. The referral relationship will not result in clients being charged any fees over and above the normal fees charged for the advisory services provided.

The referral agreements between us and the solicitors will be in compliance with regulations as set out in 17 CFR §275.206(4)-3 and the Rules under the *Investment Advisers Act of 1940*.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact our judgment when making advisory recommendations.

DWAM may charge fees for ancillary services, such as provided consolidated reporting of client assets.

### **Financial Information**

We do not require or solicit payment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year with this Brochure Appendix or our separate Disclosure Brochure. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Notice**

In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted by law, customers must be given the opportunity to opt-out or prevent such disclosure. We do not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided by clients in the strictest confidence and it is our objective to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with non-affiliated parties. In the event that there is a change in this policy, we provide clients with written notice and clients are provided an opportunity to direct us whether such disclosure is permissible.

To conduct regular business, we may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the advisor;
- Information about the client's transactions implemented by the advisor or others; and
- Information developed as part of financial plans, analyses, or investment advisory services.

To administer, manage, service, and provide related services for client accounts, it is necessary for us to provide access to customer information within our firm and to non-affiliated companies with whom we have entered into agreements. To provide the utmost service, we may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on our behalf:

- Information we receive from clients on applications (Social Security number, address, assets, etc.);
- Information about the client's transactions with us or others (account information, payment history, parties to transactions, etc.);
- Information concerning investment advisory account transactions; and

- Information about a client's financial products and services transaction with us.

Since we share non-public information solely to service client accounts, we do not disclose any non-public personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.