

Item 1 – Cover Page



Chapin Davis Asset Management

2 Village Square

Baltimore, MD 21210

410-435-3200

www.chapindavis.com

March 30, 2012

This Brochure provides information about the qualifications and business practices of Chapin Davis Asset Management, a division of Chapin Davis, Inc. ("Chapin Davis"). If you have any questions about the contents of this Brochure, please contact us at (410) 435-3200 or by e-mail selliott@chapindavis.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Chapin Davis is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The communications we provide are for you to determine whether to hire or retain Chapin Davis as your adviser.

Additional information about Chapin Davis also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated March 30, 2012 has been prepared according to the SEC’s requirements and rules. This Item 2 discusses only specific material changes that have been made to the Brochure since our last annual updating amendment in March 2011.

We have made the following changes summarized briefly below:

- Items 4, 5 and 8. We have enhanced the disclosures to provide more information about our advisory business, fees and compensation, methods of analysis, investment strategies and risk of loss.
- Item 9. We added disclosures about disciplinary events previously reported by Chapin Davis, in its capacity as a registered broker-dealer, on its Form BD.
- Item 10. We have added new disclosures about Chapin Davis, in its capacity as a registered broker-dealer, and Chapin Davis Insurance, another division of Chapin Davis. We also provide information about compensation of our supervised persons from various sources, including the receipt of advisory fees, brokerage commissions and insurance commissions.
- Item 11. We have adopted a new Code of Ethics and Insider Trading Policy, as described in response to this Item.
- Item 13. We have added new disclosures about our brokerage practices, including information about transaction and other charges imposed by Chapin Davis, First Clearing, LLC and Charles Schwab & Co.
- Item 19. We have provided the disclosures required for state-registered advisers regarding our principal executive officers and our representatives’ business activities.

This brochure is required to be updated at least annually as of March 31st, or sooner when material changes to our business take place.

Each year we will deliver to you, by no later than April 30th, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.

Currently, our Brochure may be requested by contacting Stephanie Elliott at (410) 435-3200 or selliott@chapindavis.com. Our Brochure is also available on our website www.chapindavis.com free of charge.

Additional information about Chapin Davis is also available via the SEC’s website www.adviserinfo.sec.gov free of charge.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics	8
Item 12 – Brokerage Practices	9
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody	11
Item 16 – Investment Discretion.....	11
Item 17 – Voting Client Securities.....	12
Item 18 – Financial Information	12
Item 19 – Requirements for State-Registered Advisers.....	12

Item 4 – Advisory Business

Firm Description

Chapin Davis, Inc., a Maryland corporation (“Chapin Davis”), was founded in 1952. In 1991, Chapin Davis began investment advisory operations through Chapin Davis Asset Management, a division of Chapin Davis. Chapin Davis is a registered investment adviser and a registered broker dealer, member of FINRA/SIPC.

Principal Owners

Talbot J. Albert IV (our Chief Executive Officer), R. Bruce Alderman (our President and Chief Compliance Officer), and H. Chace Davis, Jr. (retired) together own approximately 60% of Chapin Davis. A combination of other directors, officers and employees of Chapin Davis own the remaining 40%.

Types of Advisory Services

Chapin Davis advises high net worth individuals and institutions. Chapin Davis typically provides investment advice with respect to equity and fixed income securities, open end mutual funds, exchange-traded funds (“ETFs”) and money market instruments. Chapin Davis has four primary areas of focus:

- 1) ***Investment Advisory Services***, which can be utilized by the client as follows:
 - Chapin Davis accepts full discretion with authority to make investment decisions on behalf of the client, including asset allocation, due diligence and selection of investments, and rebalances to established risk and return targets;
 - Chapin Davis accepts limited discretion to manage client assets within asset allocation guidelines and ranges established by the client; or
 - The client retains full discretion over all asset allocation and investment manager decisions, and Chapin Davis provides investment recommendations for the client’s consideration.
- 2) ***Financial Planning Services***, pursuant to which Chapin Davis provides non-discretionary, personal financial planning services in the form of an individualized, written financial plan encompassing the areas selected by client, including:
 - ***Estate Planning Review***. Review of property ownership, distribution strategies and estate tax reduction. Estate Planning involves a discussion of gifting, trusts, wills, etc., and the disposition of business interests.
 - ***Personal Financial Review***. Review of asset allocation and investment income accumulation techniques. Evaluations are made of existing investments in terms of their economic and tax characteristics as well as their suitability for meeting client objectives. Advice with respect to retirement planning alternatives and techniques or appropriate allocation and distribution of assets following retirement.
- 3) ***Contrarian Value Portfolio***, a diversified portfolio of equity securities constructed by Ms. Gale Costa, Portfolio Manager. The Portfolio Manager uses a value-oriented investment style to select stocks that trade at low prices relative to anticipated earnings and have above-average dividend yields, and to select growth stocks that offer value

because their purchase prices do not reflect their potential for future growth. The Portfolio Manager seeks investments in companies with strong underlying fundamentals, such as recognized trademarks, strong balance sheets and profitability, but whose share price is temporarily depressed due to a solvable company problem or external factor. Contrarian Value Portfolios primarily invest in equity securities of large-capitalization U.S. companies or foreign companies listed on a U.S. Exchange through American Depositary Receipts, although investments may also be made in small- and mid-capitalization companies.

- 4) ***Separate Account/Wrap Fee Manager***, pursuant to which Chapin Davis provides non-discretionary investment advice to separate accounts established through wrap fee or private manager programs sponsored by independent broker-dealers. Portfolio Managers may rely on both fundamental and quantitative research and develop specific investment strategies using a mix of these methods. Investment strategies typically include equity and fixed income strategies, asset allocation, ETF strategies, customized portfolios and mutual fund asset allocation. Eligible securities for these types of accounts typically include common and preferred stocks, ETFs, closed end funds, unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, and no-load or load-waived mutual funds. Clients who meet financial sophistication standards may elect to invest in certain alternative investments, such as hedge funds and managed futures funds. Portfolio Managers may engage in covered call writing, options strategies and trading or short sale transactions. Portfolio Managers also may assist clients in identifying independent investment managers to manage the clients' assets on a discretionary basis.

Assets Under Management

Chapin Davis' total assets under management as of December 31, 2011 were as follows:

Discretionary Clients	\$ 73,000,000
Non-Discretionary Clients	\$ 536,921,939
Total	\$ 609,921,939

Item 5 – Fees and Compensation

Fees typically are billed quarterly in advance, according to the fee schedule established in the Investment Advisory Agreement signed by each client. Chapin Davis reserves the right to negotiate its fees, which may differ from the fee schedules below, based on the size of the account and other factors.

Investment Advisory Services

Chapin Davis typically negotiates an asset-based management fee for its services. The maximum fee charged to new clients may be 1% of assets under management, although fees are negotiable depending on the sophistication of the investment strategy and the amount of Chapin Davis' professional time involved. This asset-based fee may be charged in addition to brokerage fees and commissions paid by investors as described below. Chapin Davis may waive its fees in certain circumstances.

Financial Planning Services

Chapin Davis typically negotiates a fee, based on the sophistication of the investment analysis and the amount of Chapin Davis' professional time involved.

Contrarian Value Portfolio Fee Schedule

<u>Assets under Management</u>	<u>Annual Fee</u>
First \$200,000	1.30%
Next \$300,000	1.10%
Next \$500,000	1.00%
Excess over \$1,000,000	0.90%
Minimum Account Size: \$ 50,000	
Minimum Annual Fee: \$ 185	

Separate Account Management/Wrap Fee Accounts

The platform sponsor typically charges a single fee for providing investment advice and executing securities trades. The sponsor delegates investment authority to Chapin Davis, and pays a subadvisory fee to Chapin Davis out of its management or wrap fee. Clients will receive a wrap fee brochure from the program sponsor describing all fees and expenses that a client may incur.

Fee Billing

Clients typically authorize Chapin Davis to directly debit fees from their custodial accounts. Asset-based fees charged by Chapin Davis typically will be charged quarterly in advance based on the market values of client's assets as of the beginning of the quarter.

Other Fees

In addition to management fees, clients typically incur brokerage commissions, transaction fees, and other investment-related costs and expenses that are charged separately by broker-dealers and custodians. For example, clients who establish a custodial account with Schwab will be charged a "ticket charge" (\$19.95 as of the date of this Brochure) for securities transactions executed in their account, although this charge is reduced (\$8.95 as of the date of this Brochure) for clients who enroll with Schwab to receive electronic delivery of account statements and confirmations. Clients who establish a custodial account with First Clearing will be charged a "ticket charge" (\$40.00 as of the date of this Brochure) for securities transactions executed in their account. Other broker-dealer/custodians selected by a client charge their own transaction fees and expenses. Mutual funds in which clients may invest charge their own management fees and operating expenses. *See additional information under Item 12.*

Compensation of Supervised Persons

Advisory representatives of Chapin Davis are dually licensed as investment advisory representatives and representatives of a registered broker-dealer. As such, these representatives may receive a portion of brokerage commissions received by Chapin Davis for executing transactions on behalf of advisory clients. Chapin Davis also provides such representatives with office facilities, including but not limited to, office space, desks, postage, quotation equipment

and market data, telephone, and professional assistance. To the extent that an advisory representative receives any brokerage commissions from advisory clients, this arrangement presents a conflict of interest because it gives such representative an incentive to recommend transactions based on the compensation they will receive, rather than on a client's investment objectives. Advisory fees may be reduced by the amount of commissions received by a Portfolio Manager.

Termination of the Advisory Agreement

Under a client's Investment Advisory Agreement with Chapin Davis, either party may terminate the Agreement at any time. If the Investment Advisory Agreement is terminated, any management fees paid but not yet earned as of the effective date of termination will be pro-rated. Any fees paid in advance will be promptly refunded and any unpaid fees will be due and payable.

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

Chapin Davis does not charge any performance-based fees.

Chapin Davis manages advisory accounts based on the investment objectives of each client, and does not manage accounts on a side-by-side basis.

Item 7 – Types of Clients

Chapin Davis provides advisory services primarily to high net worth individuals, corporations, retirement accounts and trusts.

The minimum investment to establish an advisory account with Chapin Davis is \$50,000, although this minimum may be waived in certain circumstances.

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

Methods of Analysis

For investment advisory accounts, Chapin Davis' Portfolio Managers typically conduct fundamental research to identify potential investments. They generally select investments in companies or mutual funds that they believe have experience and a reasonable performance record, employ a qualified management team, embrace a disciplined business or investment philosophy, and provide adequate information.

For Contrarian Value Portfolios, the Portfolio Manager uses a value-oriented investment style to select stocks that trade at low prices relative to anticipated earnings and have above-average dividend yields. The Portfolio Manager may also select growth stocks that offer value because their purchase prices do not reflect their potential for future growth. The Portfolio Manager seeks investments in companies with strong underlying fundamentals, such as recognized trademarks, strong balance sheets and profitability, but whose share price is temporarily depressed due to some solvable company problem or external factor. The Portfolio Manager primarily invests in equity securities of large capitalization U.S. companies or foreign companies

listed on a U.S. Exchange through American Depositary Receipts. Investments may also be made in small- and mid-capitalization companies.

For separately managed and wrap accounts, the investment strategy typically is directed by the client and may be based on the investor's stated level of risk, such as conservative, growth or aggressive growth.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Chapin Davis cannot guarantee that it will achieve a client's investment objective. Clients' returns will fluctuate, and you may lose money. Below are some of the principal risks of investing in the types of securities recommended by Chapin Davis:

- **Market Risk.** Prices of securities in which clients invest may decline in response to certain events taking place around the world, including: those directly involving the companies whose securities are owned by client; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate, and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Management Risk.** A Portfolio Manager's investment approach may fail to produce the intended results. If our perception of the performance of a specific asset class or underlying fund is not realized in the expected time frame, the overall performance of client's portfolio may suffer. Chapin Davis recommends independent money managers over which it has no control, and the independent manager could engage in mismanagement or fraud.
- **Equity Risk.** Equity securities tend to be more volatile than other asset classes. The value of an individual security can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines or financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate. Inflation-indexed securities, including Treasury Inflation-Protected Securities (TIPS), decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income securities with similar duration. Investments in high yield, high risk securities and unrated securities of similar credit quality (commonly known as "junk bonds"), as well as derivatives of such securities, are subject to greater levels of interest rate, credit and liquidity risk than investments in other types of securities. These securities are considered

predominately speculative with respect to the issuer's continuing ability to make principal and interest payments.

- **Investment Company Securities Risks.** When a client invests in mutual funds or ETFs, the client indirectly will bear the client's proportionate share of any fees and expenses payable directly by the underlying fund. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client may be affected by losses of the underlying funds and the level of risk arising from the investment practices of the underlying funds (such as the use of leverage by the funds). Chapin Davis has no control over the investments and related risks taken by the underlying funds in which clients invest. In addition to risks generally associated with investments in investment company securities, ETFs are subject to the following risks that do not apply to traditional mutual funds: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; (iii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iv) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.
- **Style Risk.** Clients may invest in companies or mutual funds that are growth- and/or value-oriented. If the Portfolio Manager incorrectly assesses the growth potential of a company or fund in which clients invest, the securities purchased may not perform as expected, ultimately reducing the client's return, or causing clients to lose money on the investment. With respect to value investments, the market may not agree with a Portfolio Manager's determination that portfolio stocks are undervalued, and the prices of such portfolio securities may not increase to what the Portfolio Manager believes are their full value. They may even decrease in value.
- **Small- and Mid-Cap Risk.** To the extent that clients invest in small- and mid-cap companies, they will be subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- **Real Estate Risk.** Real estate investments and real estate investment trusts ("REITs") are subject to risks generally, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in limited market liquidity and price volatility.

- **Foreign Securities Risk.** Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds or managers invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- **Commodities Risk.** ETFs that hold commodities, such as gold or silver, as well as oil royalty trusts, publicly traded master limited partnerships and other investment companies that invest in commodities, are subject to volatility because commodities prices and stock prices for companies in the commodities markets can fluctuate widely. These investments also depend upon specialized management skills and typically lack or have limited operating histories. These entities' success also will vary depending on their underlying portfolios. For example, if the entities invest in oil and gas companies, their returns will be very dependent on highly volatile oil and gas prices. Unlike ownership of common stock of a corporation, investors in these entities typically would have limited voting rights and no ability to elect directors of these entities annually.
- **Derivatives Risk.** Derivative instruments (for example, swaps, options, futures and index-based instruments) may be used for hedging or investment purposes, such as to gain exposure to particular securities or markets, in connection with hedging transactions or currencies, or to increase total return. The use of derivative instruments involves the risk that those instruments may not work as intended due to unanticipated developments in market conditions or other causes.
- **Margin Risk.** To the extent that a client elects to borrow to make investments through a margin account, the margin debit balance will not reduce the market value of eligible assets, and therefore will increase the asset-based fee charged. The increased asset-based fee may provide an incentive for a Portfolio Manager to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in the account and therefore risk.

Item 9 – Disciplinary Information

Investment advisers are required to disclose all material legal or disciplinary events relevant to your evaluation of our firm or the integrity of our management. In its advisory capacity, Chapin Davis has no disciplinary events to report. In its broker-dealer capacity, Chapin Davis has the following events to report:

Non-Compliance with State Requirements. In 2006, Chapin Davis self-reported to the State of Illinois that it was not in compliance with state registration requirements for registered broker-dealers and, as a result, the State fined Chapin Davis \$10,584. In 2007, Chapin Davis filed an application for registration in New Hampshire but conducted business in the State before receiving final approval of the license. As a result, the State fined Chapin Davis \$7,000. In 2009,

Chapin Davis self-reported to the State of Connecticut that it was not in compliance with state registration requirements for broker-dealers and, as a result, the State fined Chapin Davis \$9,500. In each case, Chapin Davis entered into an Acceptance, Waiver and Consent, paid the administrative fines and subsequently became registered as a broker-dealer in each State.

Non-Compliance with FINRA Rules. In 2010, FINRA determined that Chapin Davis failed to develop and maintain an adequate anti-money laundering compliance program and to supervise and maintain certain required records. Without admitting or denying the findings, Chapin Davis entered into an Acceptance, Waiver and Consent and paid a fine of \$50,000. In 2010, FINRA determined that Chapin Davis failed to transmit all of its reportable order events to the order audit trail system on certain business days. Without admitting or denying the findings, Chapin Davis entered into an Acceptance, Waiver and Consent and paid a fine of \$20,000. Chapin Davis has taken corrective measures and has revised its compliance program and supervisory procedures.

Item 10 – Other Financial Industry Activities and Affiliations

Chapin Davis Asset Management is a division of Chapin Davis. Chapin Davis is a registered broker-dealer, member FINRA/SIPC, and a registered investment adviser. Advisory representatives of Chapin Davis are dually licensed as investment advisory representatives and representatives of a registered broker-dealer. As such, these representatives may receive certain benefits, including office space, telephone service and market data, as well as a portion of the commissions on purchases and sales of securities through Chapin Davis on behalf of clients' accounts. ***Additional information about the broker-dealer arrangement is discussed below in Item 12.***

Chapin Davis Insurance is another division of Chapin Davis. Advisory representatives of Chapin Davis may also be licensed agents and brokers with various insurance companies. Such advisory representatives will receive usual and customary insurance commissions from clients who purchase insurance policies from these representatives.

Item 11 – Code of Ethics

Code of Ethics

Chapin Davis has adopted a Code of Ethics for all supervised persons pursuant to Section 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Our Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition against spreading rumors, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other items. Supervised persons must report certain of their personal securities transactions quarterly, and also must review and acknowledge the terms of the Code of Ethics at least annually. Supervised persons may trade securities in their own accounts which are recommended to and/or purchased for clients, provided that such securities are purchased on the same day in a single transaction (referred to as a "block trade"). Participants in a block trade typically receive their pro rata, average price per share allocation of the trade. To the extent that a trade is not completely filled, Chapin Davis will allocate investments among clients in a manner that it believes is fair and reasonable. Our Code of Ethics requires pre-clearance for certain transactions, including prior approval for an employee investing in any private company

or IPO. Chapin Davis has also adopted an Insider Trading Policy that prohibits supervised persons from trading on material non-public information. You may obtain a copy of our Code of Ethics, free of charge, by contacting Stephanie Elliott at (410) 435-3200.

Participation or Interest in Client Transactions

Advisory representatives of Chapin Davis are dually licensed as investment advisory representatives and representatives of a registered broker-dealer. As such, these representatives may receive a portion of brokerage commissions received by Chapin Davis for executing transactions on behalf of advisory clients. Chapin Davis effects transactions both on national securities exchanges and in over the counter (or OTC), transactions, on an agency basis through First Clearing at negotiated commission rates, consistent with OTC requirements. OTC transactions may be placed directly with market makers who act as principals for their own account and include mark-ups in the price charged for the securities or with broker-dealers who act as agents and charge brokerage commissions for effecting the transactions. Chapin Davis will not serve as a dealer in connection with OTC transactions for advisory clients, absent specific client consent to the particular transaction.

Item 12 – Brokerage Practices

Brokerage Recommendations

Chapin Davis recommends brokers to clients and also permits clients to direct brokerage to a particular broker-dealer.

Clients may elect to establish a brokerage or custodial account with an independent qualified custodian such as Charles Schwab & Co., Inc. (“Schwab”) and direct Chapin Davis to execute all securities transactions in the client's account through that particular broker-dealer. In this event, Chapin Davis will place all orders pursuant to its investment determinations on behalf of client's portfolio through the broker-dealer selected by the client, even though Chapin Davis may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates the use of a particular broker-dealer should understand that it may lose (i) the possible advantage that other clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security and (ii) the ability of Chapin Davis effectively to negotiate the commission rate, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission rates may exist between commissions charged to other clients. Such a client's trades may also be placed after the trades of clients which have not designated a particular broker-dealer.

Chapin Davis may recommend that an advisory client to open a brokerage account with First Clearing, LLC, a registered broker-dealer and member FINRA/SIPC (“First Clearing”). Chapin Davis, Inc executes client transactions on fully disclosed basis through First Clearing. Advisory representatives of Chapin Davis are dually licensed as investment advisory representatives and representatives of a registered broker-dealer. As such, these representatives may receive a portion of brokerage commissions received by Chapin Davis for executing transactions on behalf of advisory clients. Chapin Davis's fees may be reduced by the amount of the brokerage commissions received by a Portfolio Manager as agreed upon in writing with a client. First Clearing establishes the commission rates and securities transaction and other fees charged to

March 2012

effect securities transactions, subject to a minimum ticket charge (\$40.00 as of the date of this Brochure). In addition to commissions, Chapin Davis charges transaction fees and other fees, including a service fee (\$2.00 as of the date of this Brochure) and SEC and exchange fees. First Clearing may change its commission schedule and transaction and service fees without advance notice to Chapin Davis.

Although Chapin Davis believes that the commission rates charged by Schwab and First Clearing are competitive, they may not be the lowest commission rates available to clients. For example, clients may be able to execute transactions at much lower rates available through a discount broker-dealer. Fees may vary from client to client due to the particular circumstances of the transaction, additional or differing levels of servicing required, or as otherwise contractually agreed upon with clients.

Clients will receive a confirmation upon the completion of every securities transaction directly from the executing broker-dealer, which discloses the amount of the commission and transaction and other fees charged in connection with the transaction.

Best Execution

As a fiduciary, Chapin Davis has an obligation to obtain best execution of advisory clients' transactions under the circumstances of the particular transaction. "Best execution" does not always mean the best price, and a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Chapin Davis determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness.

Chapin Davis seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. However, transactions will not always be executed at the lowest possible commission rate. Clients may obtain lower rates from so-called discount brokers, although they would not have the benefit of Chapin Davis' investment advice.

Soft Dollars

Chapin Davis does not enter into so-called "soft dollar arrangements," where it directs client commissions to a broker-dealer that provides research and brokerage services to Chapin Davis.

Investment managers recommended by Chapin Davis typically direct brokerage on the basis of best execution and/or the provision of research services by executing broker-dealers. These co-called "soft dollar arrangements" allow an investment manager to use research services provided by an executing broker for the benefit of all advisory clients of the investment manager, not just the clients who generated the commissions.

Item 13 – Review of Accounts

Reviews

Reviews may be initiated either by Chapin Davis' staff or a client. Several situations could prompt a review of a client's portfolio: changes in the long-term return outlook or risk assessment for any given asset class, realized performance or risk that is inconsistent with a client's long-term objectives, changes in a client's circumstances, or any other reasons determined during periodic reviews of the client's portfolio and investment policy. Chapin Davis' President, with the assistance of operations staff, typically review clients' accounts compared to their objectives, asset allocation targets and ranges at least quarterly.

Reports

Clients will receive regular account statements directly from their qualified custodian. Chapin Davis may provide more detailed reports of performance, asset allocation, and manager information. Face-to-face meetings are available upon client request. More frequent reporting is available and special reports are available upon client request for which we may charge an additional fee.

Item 14 – Client Referrals and Other Compensation

Chapin Davis will only compensate registered persons or firms for providing referrals. Chapin Davis will disclose any solicitation agreement to clients, and clients will be asked to acknowledge payment of a solicitor's fee by Chapin Davis, in writing.

Item 15 – Custody

Chapin Davis will not accept physical custody of any securities or cash from clients.

Under the Advisers Act, an adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, the client funds or securities. Chapin Davis may be deemed to have custody over a client's assets to the extent that the client grants us the authority to deduct its fees automatically from the client's custodial account.

Item 16 – Investment Discretion

Pursuant to the terms of their Investment Advisory Agreement with Chapin Davis, clients may grant us discretionary authority to invest client's assets and periodically to rebalance the client's account to the recommended allocation. Chapin Davis has no obligation to supervise or direct investments held in client accounts that were not recommended, or that are not subject to review, by Chapin Davis for a fee. When allocating assets and selecting investments, Chapin Davis observes the client's written investment policies, limitations and restrictions as agreed upon by the parties. Any investment restrictions that a client wishes to impose on our management of its account must be provided us in writing.

Clients who have granted discretionary trading authority to Chapin Davis are required to grant a "limited power of attorney" over client's brokerage or custodial account for the limited purposes of trading and fee deduction. The client grants this authority in the brokerage or custodial account application.

Item 17 – Voting Client Securities

Clients may determine whether to vote proxies of securities held in client's account. At the Client's written election, subject to agreement by Chapin Davis, a Chapin Davis Portfolio Manager will vote proxies held in clients' account pursuant to our written proxy voting policy. Clients may obtain a copy of our complete proxy voting policies and procedures, free of charge, upon request. A client also may obtain information from Chapin Davis about how we voted any proxies on behalf of the client's accounts during the prior twelve months, free of charge upon request.

Item 18 – Financial Information

Chapin Davis is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual obligations to advisory clients.

Item 19 – Requirements for State-Registered Advisers

Principal Executive Officers

Talbot J. Albert IV, Chief Executive Officer, Secretary and Director of Chapin Davis, Inc. He has been a registered representative of Chapin Davis since 1991. Mr. Albert received a B.S. in Economics from the University of Richmond, Virginia in 1982.

R. Bruce Alderman, President, Director and Chief Compliance Officer of Chapin Davis, Inc. He has been a registered representative of Chapin Davis since 1991. Mr. Alderman received a B.A. in Business and Accounting from Loyola College in Baltimore, Maryland.

Leigh F. Moffit, Chief Financial Officer of Chapin Davis, Inc. He has been a registered representative of Chapin Davis since 2011. Mr. Moffit received a B.S. in Finance and Economics from Towson University, M.S. in Finance from the University of Baltimore. Prior to joining Chapin Davis, Mr. Moffit was an Auditor with Wm. C. Saddler & Co., PA. from August 2008 – December 2010. From May 2007 – July 2008 Mr. Moffit was Controller at Academy Mortgage, LLC.

Stephanie N. Elliott, Chief Operating Officer and Strategist of Chapin Davis, Inc. She has been a registered representative of Chapin Davis since 2010. Prior to joining Chapin Davis, Ms. Elliott, from 2000 – 2010 was Vice President of New Business Development at legacy Wachovia Securities/Wells Fargo Advisors; First Clearing Correspondent Services. Ms. Elliott received a B.S. in Management from the University of Baltimore, Master Arts in Organizational Management and completed the SII at the Wharton School of Business.

Other Business Activities

As described above, Chapin Davis' advisory representatives are dually licensed as investment advisory representatives and representatives of a registered broker-dealer. Such persons may also be licensed as insurance agents and brokers through Chapin Davis Insurance. These advisory representatives may spend up to 75% of their time on their brokerage and insurance-related activities.

Chapin Davis does not charge performance fees.

Chapin Davis has entered into underwriting arrangements with issuers of securities.

Disciplinary Events

See Item 9 above.