



DAI
WEALTH

150 St. Andrews Court, Suite 210

Mankato, MN 56001

www.DAIWealth.com

March 27, 2020

This Brochure provides information about the qualifications and business practices of DAI Wealth, Inc. If you have any questions about the contents of this Brochure, please contact Ernest G. Strauss IV, Chief Compliance Officer at ernies@disciplineadvisors.com, or contact our office (404) 531-7080. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

DAI Wealth, Inc. is a SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about DAI Wealth, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Our CRD Number is 138938

Item 2. Material Changes

This Brochure is our annual updating amendment to Form ADV, Part 2A. Our last annual updating amendment was filed on March 22, 2019. The following summarizes the material changes between this brochure and our previous annual updated Brochure:

Item 1: Cover Page:

We provide the new telephone numbers and fax numbers for corresponding to our new principal office in Atlanta, Georgia

Item 4: Advisory Business:

We explain that DAI Wealth is owned directly by DAI Holdings, LLC., which in turn is owned in equal parts by the Joseph G. Michaletz Living Trust and the Christine E. Michaletz Living Trust.

We expanded on and clarified the description of the investment programs we offer and the various agreements we employ with clients to formalize our arrangement.

We removed reference to financial planning services, as we no longer offer those services. We continue to offer Consulting Services regarding all manner of assets and situations.

Item 5: Fees and Compensation:

We explained that the Account Fees we charge are the same as the fees described in the Statement of Investment Selection signed by our clients who participate in our management services through the Envestnet platform.

We further explained in what situations transaction charges relating to purchasing or selling investments in our clients' accounts are included in the Account Fee ("Program Fee") and in what situations they are not included.

We provided additional detail regarding the timing and methodology of charging the Account Fees ("Program Fees"), including when they are charged for intra-quarter deposits and when credits will be made for intra-quarter withdrawals.

We enhanced our discussion of the conflicts of interests that exists whenever our investment adviser representatives earn compensation from the sale of securities or insurance products, and we describe what standard of care those representatives must meet when acting in their capacities as salespersons of those other products. Whenever our representatives have financial or other incentives to sell products there is a conflict of interest. We explain the ways in which we manage and minimize this conflict of interest.

We removed the discussion of advisory fees we charge on advisory services provided to alternative investment products, as we no longer provide ongoing investment advice with respect to said products.

We clarified the way in which we receive payment of our Account Fee for our 401(k) and other qualified plan clients. Chiefly, we removed most references to third-party invoicing as those fees are deducted by the plan administrators and remitted to us.

Item 10: Other Financial Industry Activities and Affiliations

We describe DAI Holdings, Inc. as a holding company that directly owns DAI Wealth, and further identify the owners of DAI Holdings, Inc.

We echo and refer to the sections of Item 5, summarized above, that contain enhanced discussions of the conflicts of interests that arise whenever our investment adviser representatives sell other financial products for commissions. We refer to the more complete discussion of these conflicts of interest we describe in Item 5.

Item 14: Client Referrals and Other Compensation

We have removed the description of referrals that we previously described relating to Fidelity Personal Trust Company, as we no longer make such referrals.

Item 15: Custody

We explain that for a limited number of clients we now have authorization to transfer client assets to third parties, by virtue of standing letters of authorization signed by those clients. This constitutes a limited form of custody.

A complete copy of our Brochure may be requested by contacting Christine Michaletz, Chief Operating Officer, at (507) 625-5876 or christinem@disciplineadvisors.com. Additional information about DAI Wealth, Inc. is available by accessing the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with DAI Wealth, Inc. who are registered as investment adviser representatives ("IARs") of the firm. An IAR is an individual who provides investment advice to our clients.

Item 3. Table of Contents

<u>Item 2. Material Changes</u>	<u>ii</u>
<u>Item 3. Table of Contents</u>	<u>iv</u>
<u>Item 4. Advisory Business</u>	<u>1</u>
<u>Item 5. Fees and Compensation</u>	<u>3</u>
<u>Item 6. Performance-Based Fees and Side-By-Side Management</u>	<u>6</u>
<u>Item 7. Types of Clients</u>	<u>6</u>
<u>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss</u>	<u>6</u>
<u>Item 9. Disciplinary Information</u>	<u>7</u>
<u>Item 10. Other Financial Industry Activities and Affiliations</u>	<u>7</u>
<u>Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u>	<u>8</u>
<u>Item 12. Brokerage Practices</u>	<u>8</u>
<u>Item 13. Review of Accounts</u>	<u>9</u>
<u>Item 14. Client Referrals and Other Compensation</u>	<u>10</u>
<u>Item 15. Custody</u>	<u>11</u>
<u>Item 16. Investment Discretion</u>	<u>11</u>
<u>Item 17. Voting Client Securities</u>	<u>11</u>
<u>Item 18. Financial Information</u>	<u>12</u>

Item 4. Advisory Business

DAI Wealth, Inc. ("DAIW") was established in March 2006, as an SEC-registered investment advisory firm. DAIW is owned by DAI Holdings, LLC, which in turn is owned by the Joseph G. Michaletz and Christine E. Michaletz Living Trusts. Mr. Michaletz serves as the firm's President and primary advisor, while Ms. Michaletz serves as the firm's Chief Operating Officer. As of January 31, 2020, DAIW was providing continuous and regular asset management services to \$115,882,066 held in 470 accounts, \$74,820,123 of which is managed on a discretionary basis and \$41,061,943 of which is managed on a non-discretionary basis.

Investment Management Services

DAIW provides investment management for clients using separately managed accounts ("SMAs"), unified managed accounts ("UMAs"), adviser-managed accounts ("AMAs"), and mutual fund asset allocation ("MFAA") programs. We will refer to these different forms of management services as "programs" in this Brochure, and we describe them in more detail below.

The individual securities typically used include, but are not limited to, equities (both foreign and domestic), exchange traded funds (ETFs), mutual funds and variable annuities. Each investment portfolio is tailored to meet the needs of the individual client. In addition, the client may place reasonable restrictions on the purchase of certain securities; however, placing too many restrictions could potentially negate the benefits of the services offered by the firm and therefore may be impractical. The programs that DAIW uses to manage client assets are described in more detail below. The firm has no minimum account size.

DAIW's investment management programs are administered through Envestnet Asset Management, Inc. (Envestnet). DAIW has entered into an agreement with Envestnet whereby DAIW will use Envestnet's internet-based services, which include performance reporting, fee billing, and a platform of approved SMAs, UMAs, AMAs, and MFAA programs. Envestnet has customized a web site for DAIW and its clients. In addition to providing clients with access to their individual accounts, this web site also provides online analytical tools to assist IARs of DAIW in conducting research on the various investment options. The IAR will assist the client in determining, among other things, the client's investment objectives, time horizon, and risk tolerance. Each IAR uses his/her own analysis and research investment style and strategy as well as ongoing management philosophy. Based on the results of this analysis, the IAR will assist the client with the selection of one or more of the investment programs offered through DAIW that will meet the client's investment objectives.

Our clients formally engage us by signing one of several agreement forms. Collectively, we refer to those agreements as "Program Agreements." Separately, they are the Triple Discipline Portfolios Investment Management Agreement ("IMA"), the Variable Annuity Investment Management Agreement ("VA-IMA"), the 401(K) Program Plan Sponsor Agreement ("401(K) Agreement"), the Client Agreement for Consulting Program ("Consulting Agreement") and finally, a relatively new form simply called the Client Agreement. Most of our new clients are asked to sign the Client Agreement.

Upon entering into a Program Agreement, the client acknowledges that it is his/her responsibility to provide DAIW with updated information about his/her investment objectives and agrees to notify DAIW or the IAR of any changes in his/her circumstances or investment objectives that would cause a change in the portfolio to which his/her account assets have been allocated.

The Investment Programs Available

The SMA program offers portfolios of individual stocks and bonds that are managed by third-party money managers contracted through Envestnet. Additional money managers may be added and may contract through Envestnet to provide management services for clients' portfolios.

The UMA program allows DAIW to act as an "overlay manager." As overlay manager, the firm customizes a combination of SMAs, ETFs, and mutual funds into a single portfolio.

The MFAA program offers model portfolios of mutual funds and ETFs that are managed by third-party managers to match the clients' investment objectives. These are managed primarily by allocating client's portfolios among various asset types through the purchase of asset-style or index-style mutual funds.

The AMA program offers clients an account in which the IAR directs and manages specified client assets either on a discretionary basis or on direction from the client (non-discretionary). The portfolios will comprise investment options that may include individual stocks, bonds, ETFs, or mutual funds.

DAIW also offers regular and continuous investment management services for clients with variable annuity holdings. DAIW provides strategic, on-going monitoring of sub-account allocations to determine optimum allocations for a client's portfolio. IAR's meet with clients on a regular basis to determine what, if any, sub-account holdings should be reallocated based on the current economic environment or based on the client's current financial needs and situation. In addition, DAIW sometimes obtains limited power of attorney to reallocate a client's sub-accounts based on the investment needs and objectives of the client and based on the agreed upon allocation strategy.

DAIW also offers retirement plan services to retirement plan sponsors. In these circumstances, DAIW is a covered service provider under Section 408(b)(2) of ERISA. DAIW provides the advisory services to a plan, as selected, as a fiduciary under Section 3(21)(A)(ii) of ERISA and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. DAIW typically provides both fiduciary and non-fiduciary services to the plan.

The final alternative is the DAIW Large Cap Equity Model. As the name suggests, this is a model portfolio in which all clients own a similar blend of securities. Under this program, DAIW executes trades for clients in the AMA program through Fidelity.

With the exception of the advisor-directed alternatives, Envestnet acts as a sub-advisor for the above-described management programs. In its capacity as sub-advisor, Envestnet or the individual third-party managers available on its platform are responsible for effecting transactions for DAIW clients' accounts based on the program(s) selected by the clients and communicated to Envestnet by the individual money managers within the programs referenced above. In certain circumstances, Envestnet may not execute the trades as directed by the money managers in investing client funds, due to trading restrictions, insufficient funds or other events. In these situations, Envestnet will not mirror the trades of the money managers for all or certain DAIW clients.

Clients receive quarterly performance reports that are posted to client's individual portal made available through Envestnet's website, which can be accessed by clients at any time. In addition, the custodian of each client's account sends trade confirmations and quarterly or monthly account statements showing all transactions, positions, and all deposits and withdrawals of principal and income.

Consulting Services

IARs may also provide consultation on various financial advisory topics that address the client's financial needs and objectives. In analyzing a client's current financial situation and investment goals, IARs will present strategies and recommendations to help the client attain his/her stated investment goals. The IAR may discuss with the client any one or more of the following planning topics: investment planning, insurance planning, retirement planning, estate planning, business ownership and succession planning. The IAR may use a variety of tools to provide the agreed-upon consulting services. Development of a written plan is not generally included with this consultation service. Clients may choose to implement any advice provided by the firm or its IARs through professionals other than those associated with the firm.

Types of Securities

The firm does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. DAIW may recommend that clients purchase shares of mutual funds, exchange traded funds, individual stocks, individual bond positions, certificates of deposit, REITs, options, warrants, limited partnerships, variable annuities and variable life insurance products. The firm may also provide advice on other products not listed above. In some cases, these products may be non-securities products.

Item 5. Fees and Compensation

Investment Management Services

SMA, UMA, AMA and MFAA Program Fees

A client elects one of the SMA, UMA, AMA or MFAA programs by signing the IMA or the Client Agreement, pursuant to which the client pays a total annual "Account Fee." The Account Fee is identified on a separate statement provided to and signed by the client at the time of the initial

investment (“Statement of Investment Selection”). On the Statement of Investment Selection, the Account Fee is referred to as the “Program Fee,” but the two terms are interchangeable for all clients managed on the Envestnet platform. All platform costs, including Envestnet charges and those of third-party managers participating on Envestnet’s platform, will be paid from the Account Fee.

Transaction and trading costs are included in the Account Fee for the SMA, UMA, and MFAA programs. For the AMA program, transaction charges are not included, and must be paid by the client in most circumstance. Additional custodial fees may apply to any type of account. These are described in the client’s agreement with the custodian.

The Account Fee (excluding transaction/trading costs and miscellaneous fees) may not exceed 2.50% per year of the value of the portfolio at the time the fee is calculated. Account Fees are negotiable and may vary based on such factors as overall assets in the program, size of the account, and other services provided. The Account Fee is paid to DAIW, which pays a portion of the fee to the IAR. Fees charged by mutual funds and ETFs, such as management fees or operating expenses, are in addition to the Account Fee. Fees related to the clients’ accounts such as wires, trading costs, mailings etc. will be paid by the client in addition to the Account Fee. At DAIW’s discretion, DAI may choose to pay for certain of these fees on behalf of clients.

All Account Fees for SMA, UMA, AMA and MFAA program accounts are paid quarterly, in advance, based on the account balance at the end of the prior quarter. Account Fees for the initial partial quarter will be prorated. Account Fees are also charged pro-rata for intra-quarter deposits, and credits are issued pro-rata for intra-quarter withdrawals. An IMA or Client Agreement may be terminated by any party effective upon receipt of written notice to the other parties. If such an agreement is terminated within five business days of signing, any prepaid fees will be refunded in full to the client. If it is terminated at any other time, any prepaid but unearned fees will be prorated, and the client will receive a refund of the unearned portion.

DAIW will typically have no authority to establish the fees charged by platform providers, third-party managers, and other service providers in a third-party advisory program. For accounts managed under the Envestnet platform, the client’s total fee is described as the “Program Fee” on the signed Statement of Investment Selection. DAIW, Envestnet and the third-party advisor will share in the Program Fee. DAIW endeavors to refer clients only to third-party advisors that the firm feels charge reasonable fees. The client is responsible for reviewing the fee schedule applicable to the third-party advisory program. In most cases, the third-party investment adviser will provide clients a disclosure document which discloses all applicable fees and expenses. clients should refer to this disclosure document for specific fee schedules and termination and refund procedures. Program Fees will typically be debited from the client’s account on a quarterly basis, as described in the program offering materials, and statements will be provided to the client by the third-party adviser. Participation in any third-party investment advisory program may cost the client more or less than purchasing program services separately.

Conflicts of Interest

Our IARs receive commissions and sometimes other compensation from the sale of securities to our clients. This compensation is paid to the IARs in their capacity as registered representatives of our affiliated broker-dealer, DAI Securities, LLC ("DAIS"). This creates a conflict of interest, since the representatives have a financial incentive to recommend those securities for your accounts. DAIW manages and minimizes this conflict by reviewing all such recommendations to assure they are made in the client's best interest, and by disclosing this conflict of interest in this Brochure, so that clients can make fully informed decisions. Please be aware that on recommending securities to our clients, these representatives of DAIW are acting on behalf of DAIS and are not required to act as fiduciaries. Nevertheless, they are required to act, and will act, in the client's best interests.

Individual securities may be purchased by the clients through other firms, and the trading costs or other costs associated with their purchase may be more or less than the costs associated with purchasing securities through DAIW and its advisory programs. The client participation in one of our programs may cost the client more or less than purchasing the program services separately. Factors that impact the overall cost of the program in relation to the cost of the same services purchased separately may include the size of the account, expected size or number of trades, the type of investments and the scope of advisory and other services rendered by the IAR.

The amount of compensation received by the IAR for advisory services may be more or less than what other IARs would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services.

Variable Annuity Asset Management Services

A client elects the variable annuity asset management services by executing the VA-IMA. Since the variable annuity products most often paid a commission to the IAR and DIAS at the time they were purchased, DAIW does not usually charge a separate Account Fee. In some cases, including where an advisor-class variable annuity product is used or if a broker/dealer commission is not earned, DAIW reserves the right to implement an Account Fee, which would be disclosed and agreed upon, in advance, by the client. The conflict of interest described in the preceding section also exists with respect to the recommendation and sale of variable annuities, which are securities. See the section above titled "Conflict of Interest" for more information.

In addition to any Account Fee charged by DAIW, the client may also be subject to product fees charged by the alternative investment product. Such fees are disclosed in the product offering materials.

Retirement Plan Services

DAIW will charge an annual fee based as a percentage of assets under management, for the fiduciary and non-fiduciary services provided to the plan. Fees will vary based on the type of services selected by the client, and fees may be negotiable at the sole discretion of DAIW. Fees are billed quarterly, in arrears, and are based on the total fair market value of plan

assets as reported by the custodian as of the last business day of the preceding calendar quarter. Fees are typically deducted by the administrator and paid to DAIW. Fees for the initial quarter will be pro-rated based on the number of days advisory services are provided to the plan. DAIW fees are fair and reasonable based on the services provided to plan sponsor, but fees charged by other advisors may be higher or lower than those charged by DAIW for similar services. The plan may be subject to other fees and charges imposed by account custodians, third party administrators, recordkeepers, product sponsors (such as mutual fund management fees or fund expenses), and brokerage account transaction charges imposed in connection with transaction processing, clearing or custody. These fees are separate and distinct from advisory fees charged by DAIW. The plan custodian or third-party administrator will send account statements to the plan sponsor at least quarterly, which show all fees charged to plan accounts.

Consulting Services

Consulting fees may be a flat fee or an hourly fee between \$50 and \$250 per hour as agreed upon by client, subject to a one-hour minimum charge and depending upon the complexity of the situation. The client shall pay all such fees to DAIW. A Consulting Fee Invoice must be completed and signed by the IAR and the client at each consultation. The client will pay fees upon execution of the Consulting Fee Agreement. The Firm may provide these services without charging a fee at our discretion.

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

DAIW does not charge performance-based fees and does not engage in side-by-side management.

Item 7. Types of Clients

DAIW provides investment advice to individuals, high net worth individuals, and retirement plans. DAIW is also available to serve trusts, foundations, endowments and corporations.

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

DAIW uses various methods to perform analysis of clients' portfolios. DAIW performs ongoing due diligence of both the money managers within the program and the program sponsor. This includes regular review of performance, style drift and a review of total assets under management by each manager. DAIW may customize the UMA accounts by varying the percentage of participation of each manager in the portfolio and may rebalance the portfolio to be consistent with the original objective. DAIW uses correlation analysis to determine the proper mix of managers in the portfolio.

DAIW also subscribes to periodicals, research newsletters and other reports and uses research recommendations to make decisions on stocks to purchase or sell for clients within its AMA program. DAIW uses information from Morningstar and other corporate rating services, to review and analyze performance of managers, mutual funds and other investments. DAIW uses both technical and fundamental analysis and trading techniques,

and utilizes research materials prepared by outside vendors, or materials prepared by individual issuers of securities, such as prospectuses, SEC filings, and company press releases. DAIW does not receive any additional compensation from any research providers nor does DAIW provide research for a fee.

The investment strategies used to implement any investment advice given to clients include both long-term and short-term strategies. Each strategy carries certain risks, including the risk of market movement and possible loss of principal. Investing in the stock market carries with it certain risks, which clients must accept before investing. There is no guarantee of performance, and past performance is not indicative of future results. The prices of securities can fluctuate and there is no guarantee that your initial investment will be returned. Clients must understand that day-to-day fluctuations can occur and are encouraged to treat investments as long term.

DAIW's IARs sometimes recommend alternative investments such as managed futures, REITs, private placement offerings, 1031 exchanges, and variable annuities. These products are sold through our affiliated broker-dealer, DIAS, and our representatives earn commissions or other compensation on those products. That creates a conflict of interest. See the section above in Item 5 titled "Conflicts of Interest," describing this conflict in more detail. Prices on these types of investments may fluctuate and they may be less liquid than other types of securities. Clients investing in alternative investments should understand the risks associated with purchasing an investment with limited liquidity.

Item 9. Disciplinary Information

There is no disciplinary information to report.

Item 10. Other Financial Industry Activities and Affiliations

IARs of DAIW are also registered representatives with DAIS, a FINRA-registered securities broker/dealer. DAIS is also owned by DAI Holdings, LLC, and therefore is an affiliate of DAIW with identical direct and indirect ownership.

Our IARS may also act as representatives of DAIS and offer securities such as variable annuities, mutual funds, alternative investments (including 1031 programs), and other investment products through DAIW. In such cases, those individuals earn commissions and other compensation for transactions executed as a registered representative. This creates a conflict of interest, as further described in the subsection of Item 5 above under the heading "Conflict of Interest." Clients are free to implement investment products through any brokerage firm of their choice.

DAIW may refer clients to lawyers and accountants from time to time. DAIW does not receive any compensation for making these referrals. DAIW does not differentiate among clients based on legal or accounting services used, and clients are under no obligation to retain the services of these outside professionals to whom they may be referred.

Joseph Michaletz is also President of DAI Agency, Inc. which acts as an insurance agency. He and other IARs of DAIW receive commissions on life and health insurance related products, including such products that are sold to DAIW clients. In recommending insurance products, these IARS are not acting as fiduciaries. A conflict of interest exists whenever insurance products are recommended, as commissions or other additional compensation will be earned. DAIW mitigates this conflict by requiring any insurance commissions to be disclosed, and by disclosing the conflict of interest in this brochure. Clients are free to implement products through any agent of their choice.

Joseph Michaletz also serves on the Board of Directors of First National Bank of Minnesota. He is compensated for his role as a Board member, but he does not provide any type of investment advice to the Bank, and he does not act in an investment advisory role with the Bank.

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

Pursuant to SEC rule 204A-1, DAIW has adopted a Code of Ethics that applies to all employees and advisors of DAIW. The code of ethics memorializes our obligation as fiduciaries to act in our client's best interests at all times in providing investment advisory services. The code of ethics also addresses such topics as prohibitions against trading ahead, insider trading and privacy issues surrounding the protection of clients' information. A copy of DAIW's code of ethics will be provided to clients upon request and may be posted on DAIW's web site. DAIW is prohibited from acting as principal for buying securities from or selling securities to clients. No officer or employee of DAIW is a partner in any securities offered to clients, nor acts as investment advisor to an investment company offered to clients. The DAIW Code of Ethics prohibits an advisor from trading ahead of clients. This means that an advisor may not trade a security for his/her own account before effecting a client's trade in that same security in order to benefit from any price fluctuation caused by the trade. DAIW monitors this activity by requiring all officers, employees and advisors to disclose all personal securities transactions. These are reviewed by DAIW's Chief Compliance Officer.

Officers, employees or advisors of DAIW may invest in the same securities or investment models as clients of DAIW. Trading is done on a block or batch trade basis and no preference is given to any one client. All trades are reviewed by DAIW on a regular basis to insure fairness and quality of execution.

Item 12. Brokerage Practices

DAIW does not receive "soft dollars" based on where trades are executed on behalf of clients. Soft dollars refers to payment for order flow by offering research, reports or other monetary or non-monetary benefits in return for directing client orders through a particular brokerage firm. DAIW uses Fidelity Investments for clearing and executing trades. While Fidelity may direct orders to certain brokerages for execution, DAIW does not participate in those transactions nor does DAIW receive any compensation for those transactions. However, because DAIW only uses Fidelity, it is possible that transaction costs may be more or less

than those at other firms. Clients should take into account the transaction fees charged when reviewing the overall cost of DAIW's advisory programs. DAIW will periodically assess Fidelity's performance, together with consideration of other products and services offered by Fidelity, to assure Fidelity complies with our best execution obligation.

DAIW may aggregate client transactions to achieve execution in a more timely, equitable, and efficient manner and to reduce overall commission charges to clients. DAIW will aggregate client transactions where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client's account status at Fidelity. DAIW's block trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement.
- Each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and the transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client's account status at Fidelity. No client or account will be favored over another.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- Funds and securities for aggregated orders are clearly identified on DAIW's and Fidelity's records, by the appropriate account numbers for each participating client.

Item 13. Review of Accounts

The IAR will typically meet with the client annually to discuss the account, review performance, review the client's investment objectives and obtain any updates to the client's financial situation. Clients are urged to contact their IAR for a review anytime that their investment objectives or financial situation changes. Reviews are typically done face to face but may be done over the phone or via a web meeting if that is more convenient.

Information is also reviewed by a DAIW officer or other designee of DAIW. The review process is consistent with DAIW's policies and procedures and consists of periodic sampling of accounts quarterly so as to detect and prevent irregularities and abuses. The sample client accounts will be reviewed for correct performance and fee calculations and may be reviewed for suitability as well. Triggering events for more frequent reviews may be account values falling below the minimum, frequent withdrawals, or other activity that is inconsistent with the client's original objectives.

For clients who have contracted with DAIW for consulting services, no further review is performed once the terms of the agreement are fulfilled.

Clients will receive quarterly evaluation reports describing account performance and positions. These reports are posted online and must be accessed via the internet. They are archived on Envestnet's DAIW web site. If a client does not have internet access, DAIW will print the report and mail it to them on a quarterly basis. Envestnet, through its agreement with DAIW, will provide on the web site a quarterly report of the client's account showing historical performance, positions and activity. These quarterly reports are prepared solely for informational purposes and to assist the client in reviewing his/her account. In addition to the quarterly performance reports, DAIW, through its clearing firm, sends brokerage statements to clients at least quarterly. Clients are encouraged to compare actual account statements with any report received from DAIW or viewed via our web page. In the event of a discrepancy between the information on the account statements produced by the clearing firm and the quarterly reports produced by Envestnet, the clearing firm account statements will control. If a client notices any such discrepancy, they are urged to contact DAIW and we will resolve the discrepancy promptly.

Statements and confirmations produced by Fidelity as clearing agent may also be viewed electronically. New clients will automatically be enrolled in electronic transmission of statements and confirms at the time the account is open, unless they prefer to receive them via mail. As an incentive to receive electronic transmission of statements and confirms, trading costs may be reduced by Fidelity for those opting out of the paper version of these documents.

Item 14. Client Referrals and Other Compensation

DAIW does not currently pay solicitor's fees for client referrals, but the firm may change this policy in the future.

DAIS from time to time accepts reimbursement for costs associated with on-site inspections of product sponsors or investment managers that may be offered to our clients or clients of DAIS, or both. These reimbursements are not contingent on our recommending any such product or investment manager and, because the inspections are purely for investigatory reasons neither we nor our representatives receive no non-business-related benefit from said inspections.

As disclosed in Item 10 above, DAIW may refer clients to lawyers and accountants from time to time. DAIW does not receive any compensation for making these referrals. DAIW does not differentiate among clients based on legal or accounting services used, and clients are under no obligation to retain the services of these outside professionals to whom they may be referred.

Please refer to Items 5 and 10 above for a discussion of compensation earned by DAIS and any IARs as representatives of DAIS. Please refer to Item 10 above for compensation earned for insurance product sales.

Item 15. Custody

Custody of clients' assets is maintained by Fidelity Investments. Checks for deposit to clients' accounts are made payable to Fidelity and promptly transmitted from our office to theirs. Fidelity will send monthly or quarterly statements directly to clients. In addition, Envestnet, through its agreement with DAIW, prepares performance reports including cost basis, realized and unrealized gains and losses, positions and transaction information on the client's web site. Both reports should be carefully reviewed by the clients and any discrepancies should be brought to the attention of DAIW. DAIW does not maintain custody of client funds or securities. DAIW does have authority to deduct the Account Fee from client's accounts.

By signing one of the Program Agreements, the client allows the IAR to debit the accounts for advisor fees and to reallocate funds among accounts with the same registration. In some cases, with the signature of the client, DAIW may transfer funds payable to a third party from the client's account without specific, transaction-by-transaction authority.

Item 16. Investment Discretion

Clients may grant the Firm and the IAR discretion to invest, rebalance and otherwise manage the portfolios in accordance with the program selected. This may include buying and selling mutual funds, stocks and bonds to maintain the clients' investment objectives. If a particular security is underperforming or no longer fits the criteria needed to be included in the model, the IAR may substitute another security to maintain the asset allocation. The client typically grants the Firm and the IAR discretion by signing one of the Program Agreements.

Item 17. Voting Client Securities

DAIW does not vote proxies. With the exception of the AMA program accounts, Envestnet will vote proxies for securities held in a client's account. The client agrees that neither DAIW nor Envestnet will be responsible or liable for Envestnet's failure to vote a proxy where Envestnet has not received such proxy or any related shareholder communication on a timely basis. In connection with its responsibility to vote client proxies, Envestnet has adopted a set of Proxy Voting Policies and Procedures. The proxy procedures specify that Envestnet will exercise voting rights on all decisions that Envestnet determines have a material effect on the value of the securities.

Clients may obtain a copy of Envestnet's Proxy Voting Policies and Procedures and/or information on how Envestnet voted specific proxies, by sending a written request to: Envestnet Asset Management, 35 E. Wacker Dr. #1600, Chicago, IL 60601. Clients in the Advisor Directed alternative understand and agree that the client retains the right and responsibility to vote all proxies that are solicited for securities held in the client's account. DAIW is expressly precluded from voting proxies for securities held in a client's account and will not be required to take any action or render any advice with respect to the voting of proxies.

Item 18. Financial Information

DAIW does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. DAIW is therefore not required to include a financial statement or balance sheet with this brochure.

DAIW does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. DAIW has not been the subject of any bankruptcy petition.

Privacy Policy

DAIW maintains a Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. DAIW collects nonpublic information about clients from the following sources: information we receive from clients verbally, on applications or other forms and information about client transactions with others or us.

We share client information with all investment-related affiliates described in this brochure.

We may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, we may have to provide information about clients to regulatory agencies as required by law. Otherwise, DAIW will not disclose any client information to an unaffiliated entity unless a client has given express permission for us to do so.

DAIW is committed to protecting client privacy. We restrict access to clients' personal and account information to those employees who need to know the information. We also maintain physical, electronic and procedural safeguards that we believe comply with Federal standards to protect against threats to the safety and integrity of client records and information.