

**FORM ADV PART 2A**

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## **BROCHURE**

# **Davis, Davis and Conover Wealth Management, LLC**

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Brochure Date: March 23, 2020

This Brochure (Part 2A of Form ADV) provides you with information about the qualifications, business practices and advisory services of Davis, Davis and Conover Wealth Management, LLC ("Davis, Davis and Conover," "Firm," "Our," "Us" or "We").

Our Firm is an investment adviser Firm registered pursuant to the laws of the U.S. Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training, only that We have filed registration documents in the appropriate jurisdictions. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Davis, Davis and Conover can be found on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by using our identification number referred to as a "CRD Number." Davis, Davis and Conover's CRD Number is 286575. If you have any questions about the contents of this brochure, please contact Us at the telephone number or email address shown above.

## **MATERIAL CHANGES (Item 2)**

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***This version of Our Brochure dated March 23, 2020 is an annual updating amendment brochure.***

We have not had any material changes since Our last annual update dated March 25, 2019.

Investment advisers are required to prepare a disclosure document such as this one, commonly referred to as a “Brochure,” that describes the adviser and its business practices. We are required to amend Our Brochure at least annually and provide clients and prospective clients with a summary of any material changes since the previous annual amendment.

This Section of the Brochure (Item 2) discusses the material changes made to the Brochure since the last annual updating amendment.

Annually, We will ensure that you receive either an amended brochure or a summary of any material changes to this and any subsequent Brochure within 120 days of the end of Our fiscal year and promptly at any time if any of the information herein becomes materially inaccurate.

We will deliver a complete copy of Our Brochure upon your request at any time during the year. Please contact Our Chief Compliance Officer, Carolyn Conover, at 615-324-7825 or via email at [carolyn.conover@ddcwealth.com](mailto:carolyn.conover@ddcwealth.com), to request a Brochure.

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#### **ADVISORY SERVICES (Item 4)**

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Davis, Davis and Conover Wealth Management, LLC (hereinafter, “Davis, Davis and Conover,” “Firm,” “Our,” “Us” or “We”) is an Investment Adviser registered with the U.S. Securities and Exchange Commission (“SEC”). We began managing the wealth of Our clients in April 2017. Our Firm is a Tennessee limited liability company with Our principal place of business located in Nashville, Tennessee.

Norman Davis and Melissa Davis founded the Firm and are also the principal owners of the Firm. These two individuals have managed their clients’ money together since 2000, at various other Investment Advisers. Carolyn Conover joined Norman and Melissa Davis in 2008 and they have worked to manage client assets together since then.

In each section below, you will find more information about the specific services We offer. For information about Our Wealth Management Services, please see Form ADV Part 2A Appendix 1 (Our Wrap Fee Brochure) as all Wealth Management Services are provided under a wrap fee arrangement.

#### **Financial Planning**

We prepare comprehensive financial plans, under a financial planning engagement, to assist clients in reaching their financial and retirement goals. In most cases, the client will supply to Davis, Davis and Conover information regarding income, investments, savings, insurance, age and many other items that are helpful to the Firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, We will discuss your financial needs and goals with you and compare your current financial situation with your stated goals and objectives. Once these are compared, We will create a written financial and/or investment plan to help you meet your goals. We do not make recommendations on specific securities but will recommend types of investments within specific asset classes.

Our financial plans may include information regarding retirement planning, advanced education planning, college planning, long-term care needs, and estate planning issues. Our comprehensive plans may also include information or analyses with respect to tax liabilities or risks. The plan is intended to help you meet your goals or determine whether your goals need to be adjusted based on current information about you. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is important that you accurately and completely communicate to Us the information We need. Also, your circumstances and needs may change as your engagement with Us progresses. It is very important that you continually update Us with any changes so that if the updates require changes to your plan, We can make those changes.

### **Consulting Services**

If requested, We may provide consulting services to you involving a review of wealth management concerns. For example, We are typically tasked under this arrangement with assisting with reviewing investment options and performance of outside assets such as 401(k) plans with your current employer. These services are not financial planning services as We do not provide a written report or conduct a comprehensive analysis of your financial position.

### **Assets Under Management**

As of December 31, 2019, We have \$126,936,167 in assets under management, of which \$126,737,245 is managed on a discretionary basis and \$198,922 is managed on a non-discretionary basis.

## **FEES AND COMPENSATION (Item 5)**

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### **Financial Planning Fees**

We offer financial planning services based on a fixed fee. The fee charged to the client will always be clearly indicated on the Financial Services Agreement that is signed by the client. Fees for financial plans are billed 50% upon engagement and the remainder is due upon delivery of the financial plan. We will never charge financial planning fees over \$500 more than six months in advance of Our financial planning services. The following is Our typical fee schedule for financial planning:

<i>Type of Fee</i>	<i>Fee</i>
Fixed Fee	\$1,500 to \$5,000

The fee charged will be based upon the complexity of the plan. An estimate of the time involved will be provided before signing the financial planning agreement. All financial planning fees are negotiable at Our discretion. Financial planning fees are negotiable at the sole discretion of Davis, Davis and Conover.

Our financial planning services may be terminated at any time upon written notice. Upon termination, We should receive payment for all fees and expenses We have earned at the time of termination based on a rate of \$250 an hour. Any unearned fees will be refunded.

### **Consulting Services Fees**

Consulting services are provided at an hourly rate of \$250 and are negotiable. Fees will always be clearly indicated on the Financial Services Agreement that is signed by the client. Fees for consulting services are billed monthly at the end of the month in which services are rendered.

Our consulting services may be terminated at any time upon written notice. Upon termination, We should receive payment for all fees and expenses We have earned at the time of termination based on a rate of \$250 an hour. Any unearned fees will be refunded.

### **Asset Management Fees**

The asset management fees charged by Davis, Davis and Conover are described in detail in Our Wrap Fee Brochure (Form ADV Part 2, Appendix 1).

## **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT (Item 6)**

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Davis, Davis and Conover does not charge performance-based fees and We do not conduct side-by-side investment management services.

**TYPES OF CLIENTS (Item 7)**

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Davis, Davis and Conover manages investments for many different types of clients. We generally provide advice to individuals, high net worth individuals, their trusts, estates and retirement accounts.

We require a minimum investment of \$250,000 for Our wealth management services. The minimum account size may be waived at the sole discretion of Davis, Davis and Conover. We do not have a minimum account size for financial planning or consulting services.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS (Item 8)**

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Davis, Davis and Conover manages client assets on a discretionary basis. The investment strategy for a specific client is based upon the objectives stated by the client during consultations with Us. The client may change these objectives at any time. Each client completes a risk tolerance questionnaire and suitability profile that documents their investment objectives, risk tolerance and desired investment strategy.

We use fundamental analysis to select investments for client portfolios. This strategy attempts to value companies and the securities they offer based on their underlying assets. We consider financial statements, economics, interest rates, earnings, competitors, assets, liabilities, and many other factors to determine the value of the company and the securities it sells. Based on this analysis, We may implement both long and short term purchases in client accounts.

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

- Political Risks. Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- General Market Risks. Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- Currency Risk. Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Regulatory Risk. Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- Tax Risks Related to Short Term Trading. Clients should note that Davis, Davis and Conover may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. We endeavor to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts. Frequent trading can affect investment



performance, particularly through increased brokerage and other transaction costs and taxes.

- Risks Related to Investment Term. If you require Us to liquidate your portfolio during a period in which the price of the security is low, you will not realize as much value as you would have had the investment had the opportunity to regain its value, as investments frequently do, or had We been able to reinvest in another security.
- Purchasing Power Risk. Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- Business Risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- Financial Risk. Excessive borrowing to finance a business' operations decreases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Default Risk. This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

**DISCIPLINARY INFORMATION (Item 9)**

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Davis, Davis and Conover is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. We do not have any required disclosures to report in response to this Item.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (Item 10)**

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Neither Our Firm nor any of Our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. In addition, neither Davis, Davis and Conover nor any of its Investment Adviser Representatives (“IARs”) receive compensation for the sale of securities.

Our IARs are also licensed as insurance agents for various unaffiliated insurance companies and may sell insurance products to advisory clients. IARs in such cases will earn typical and customary commission for the sale of insurance products purchased for a client’s account. This represents a conflict of interest in that Our IARs may recommend purchasing insurance products based on compensation received rather than on the needs of the client. We manage this conflict of interest by requiring all IARs who are licensed to offer insurance products to Our clients to assure that the issuing insurer reviews the potential sale of any products for the purpose of determining adherence to applicable insurance suitability standards, requiring all IARs to seek prior approval of any outside employment activity so that We may ensure that any conflicts of interest in such activities are properly disclosed and fully disclosing to a client when a particular transaction will result in the receipt of commissions or other associated fees. Insurance products may be available through other channels and as a client you are not obligated to purchase insurance products recommended by Our IARs. For more information, please see the brochure supplement (Form ADV Part 2B) for each IAR.

Neither Davis, Davis and Conover nor its management has any arrangement or relationship that is material to its business or clients with a related person that is a broker- dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, sponsor or syndicate of limited partnerships not disclosed herein.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING (Item 11)**

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### **Code of Ethics**

Davis, Davis and Conover, its management and persons associated with the Firm (“Associated Persons”) subscribe to a strict code of ethics. Our Code of Ethics is designed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our fiduciary duty requires that We act solely in Our clients’ best interest and adhere to standards of utmost integrity in Our communications and transactions. These standards ensure that your interests are given precedence.

The Code of Ethics contains extensive policies, guidelines, and procedures that promote ethical practices and conduct by all of the Firm personnel. We adopted Our Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or perceived or potential conflicts of interest), as well as to establish reporting requirements and enforcement procedures relating to personal transactions by Our personnel. Our Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes Our ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of Our complete Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

Davis, Davis and Conover does not recommend that clients buy or sell securities in which a related person may have a material financial interest.

### **Proprietary Trading**

Davis, Davis and Conover and Associated Persons are permitted to buy or sell securities that the Firm also recommends to clients consistent with the Firm’s policies and procedures. This creates a conflict of interest because it may be possible for Us or Our associates to receive more favorable prices than Our clients. We will always document any transactions that could be construed as a conflict of interest. To mitigate or remedy any actual or potential conflicts of interest, We will monitor trading reports for adherence to Our Code of Ethics.

### **Simultaneous Trading**

From time to time, the Firm and its Associated Persons may buy or sell securities for their own accounts at or around the same time as clients. This policy presents a conflict of interest in that Associated Persons have an incentive to prioritize their own trading over their clients. To mitigate this conflict, in any instance where such securities are purchased or sold We will uphold Our fiduciary duty by always ensuring that transactions are beneficial to the interest of Our clients and that neither the sequence nor timing of execution or any other factor results in a benefit to Davis, Davis and Conover or Our Associated Persons.

## **BROKERAGE PRACTICES (Item 12)**

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Davis, Davis and Conover recommends that clients utilize the brokerage and clearing services of Raymond James & Associates, Inc. ("Raymond James"). Factors which Davis, Davis and Conover considers in recommending Raymond James or any other broker-dealer to clients include their respective financial strength, breadth of service, existing relationships, execution, pricing, research and resources available. Not all Investment Advisers recommend that a client use a particular broker-dealer. Prior to engaging Davis, Davis and Conover to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Us setting forth the terms and conditions under which We shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Not all advisers direct brokerage.

The commissions paid in connection with the execution of clients' transactions comply with the Firm's duty to obtain "best execution." The Firm pays all transaction charges under Our wrap fee arrangement, which is more fully described in Our Wrap Fee Brochure (Form ADV Part 2A, Appendix 1). We may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where We determine that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Davis, Davis and Conover seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

We periodically and systematically review Our policies and procedures regarding recommendation of Financial Institutions in light of Our duty to obtain best execution.

### **Soft Dollar Benefits**

Davis, Davis and Conover receives research or other products or services (i.e., soft dollar benefits) from broker-dealers in exchange for placing trades or processing securities related transactions for clients. We do not have to pay the broker-dealer for these services and no client is charged for these services. Therefore, We receive a benefit. The products or services received may benefit all of Our customers, not just those whose assets are custodied at the broker-dealer who provides the products or services. This may result in higher transaction costs than those that would have been incurred but for the soft dollar benefits. This is a conflict of interest, as We have an incentive to recommend Raymond James because of Our existing relationship and the benefits We receive. We mitigate this conflict by conducting semi-annual best execution reviews and through application of Our policies and procedures. We have determined that the transaction charges We incur and charge to you are reasonable in relation to the value of the services received.

**Directed Brokerage**

Clients may not direct Us to use a particular broker-dealer. If clients prefer to utilize their own broker-dealer, We will not be able to provide wealth management services to those clients.

**Block Trades**

Davis, Davis and Conover may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. If a block trade occurs, the client will receive a price that represents the average of the prices at which all of the transactions in the block were executed. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, and on a pro-rata basis between all accounts included in any such block. Block trading allows Us to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

## **REVIEW OF ACCOUNTS (Item 13)**

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### **Periodic Reviews**

Davis, Davis and Conover's criteria for reviewing client accounts is as follows:

1. **Review of Financial Plans**

Our Firm prepares its financial plans based on the financial data that clients provide to the Firm. Financial plans are reviewed annually as well as upon the client's election and request. One of Our IARs will review all financial plans. Once a client elects to revise a financial plan, a summary of the services to be rendered and relevant fees will be described in a new financial planning agreement. It is the client's responsibility to provide financial updates for information contained in the comprehensive financial plan and other confidential questionnaires.

2. **Review of Investment Management Accounts**

Davis, Davis and Conover monitors accounts on an ongoing basis and reviews client account activity at least annually or as agreed upon with individual clients. One of Our IARs will review all investment management accounts. Our reviews consist of determining whether your portfolios and strategies continue to align with your investment goals, objectives and risk tolerances. If reallocation of investments is necessary, We may either buy and/or sell other investments that would result in a portfolio that is more appropriate for your investment goals and objectives.

### **Intermittent Review Factors**

On a quarterly basis, We review the performance of your account to monitor consistency with market benchmarks that We deem applicable. Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in your financial status or investment objectives or risk tolerance. It is the responsibility of the client to notify Us of any change to financial status, investment objectives or risk tolerance (such as retirement, termination of employment, relocation, or inheritance).

### **Client Reports**

Clients will receive written transaction confirmations from the account custodian shortly after executing purchases or sales. Additionally, the account custodian will send at least quarterly written statements for each quarter in which the client has an account under management by Davis, Davis and Conover. These statements will provide details regarding account activity, holdings, and performance.

Davis, Davis and Conover may issue separate written reports regarding accounts to clients. The written updates may include a performance report, statement of gains and losses, and/or a financial markets summary. We encourage you to compare the information on your reports

prepared by Davis, Davis and Conover against the information in the statements provided directly from the account custodian and alert Us of any discrepancies.



**CLIENT REFERRALS AND OTHER COMPENSATION (Item 14)**

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Except as described elsewhere in this Brochure, Davis, Davis and Conover does not receive and does not have any arrangement to receive economic benefits (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to Our clients. (See Soft Dollar Arrangements, Item 12).

Davis, Davis and Conover does not directly or indirectly compensate any person for client referrals.

Davis, Davis and Conover does not receive compensation, directly or indirectly, for referring clients to other advisers.

## **CUSTODY (Item 15)**

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Davis, Davis and Conover does not hold physical custody of client funds or securities. We require that a qualified custodian hold client assets. Information about the custodian We recommend is fully described in the Brokerage Practices section (Item 12). Our Firm has indirect custody of client funds and securities because of Our written authorization and ability to deduct advisory fees directly from clients' accounts. We also have custody due to Our standing authority to make third-party transfers on behalf of Our clients who have granted Us this authority. This authority is granted to Us by the client through the use of a standing letter of authorization ("LOA") established by the client with his or her qualified custodian. The standing LOA authorizes Our Firm to disburse funds to one or more third parties specifically designated by the client pursuant to the terms of the LOA, and can be changed or revoked by the client at any time. We have implemented the safeguard requirements of SEC regulations by requiring safekeeping of your funds and securities by a qualified custodian. We have further implemented procedures to comply with the requirements outlined by the SEC in its February 21, 2017 No-Action Letter to the Investment Adviser Association.

Client account statements are mailed or sent electronically by the account custodian. Clients are advised to review these statements carefully, comparing asset values, holdings, and advisory fees on account statements to that in previously received statements, confirmations, and fee invoices.

Davis, Davis and Conover may issue separate written reports regarding accounts to clients. The written updates may include a performance report, statement of gains and losses, and/or a financial markets summary. We encourage you to compare the information on your reports prepared by Davis, Davis and Conover against the information in the statements provided directly from the account custodian and alert Us of any discrepancies.

### **INVESTMENT DISCRETION (Item 16)**

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All investment management clients grant Davis, Davis and Conover the authority to exercise discretion on behalf of clients. We are considered to exercise investment discretion over a client's account if We can effect transactions for the client without first having to seek the client's consent for each transaction. Davis, Davis and Conover is given this authority through a power-of-attorney included in the agreement between Us and the client. Clients may request a reasonable limitation on this authority (such as certain securities not to be bought or sold). With client consent, We take discretion over the following activities, among others:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

**VOTING CLIENT SECURITIES (Item 17)**

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Davis, Davis and Conover does not vote or assist in voting client securities on behalf of its clients. Clients are responsible for making elections relative to election of directors, mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in the account. Clients receive proxies directly from the issuer or the custodian.

**FINANCIAL INFORMATION (Item 18)**

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Davis, Davis and Conover does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered. Therefore, We are not required to include a balance sheet. We do not have a financial condition that is reasonably likely to impair Our ability to meet contractual commitments to clients and We have not been the subject of a bankruptcy petition at any time during the past ten years.