



Dougherty Wealth Advisers LLC  
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## Part 2A

February 2021

This Brochure provides information about the qualifications and business practices of Dougherty Wealth Advisers LLC. If you have any questions about the contents of this Brochure, please contact us at 612-376-4040. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Dougherty Wealth Advisers LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Dougherty Wealth Advisers LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information for use in determining whether to hire or retain an adviser.

## ITEM 2: MATERIAL CHANGES

Our last annual update to this Brochure was dated February 19, 2020. Since that time, we've made the following material change to our business:

- Effective June 1<sup>st</sup>, Dougherty Financial Group, that wholly owns Dougherty Wealth Advisers LLC, divested its ownership in Dougherty & Company LLC, an SEC registered broker-dealer and investment adviser. We believe that this reduces our ongoing conflicts of interest.
- Subsequently, effective July 1<sup>st</sup>, Todd Witcraft became a principal owner of Dougherty Wealth Advisers LLC with Michael Dougherty. We believe that sharing ownership of the firm with an individual that works in and on the business every day reflects our commitment to build a business to best serve clients going forward.
- Trust and tax services offered through our affiliates are described under "Other Financial Industry Activities and Affiliations."

Our Brochure may be requested by calling 612-376-4040. Additional information about Dougherty Wealth Advisers LLC is also available via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Dougherty Wealth Advisers LLC who are registered, or are required to be registered, as Investment Advisor Representatives.

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#### **ITEM 4: ADVISORY BUSINESS**

Dougherty Wealth Advisers LLC (“DWA”) is a federally-registered advisory firm and offers a full suite of wealth management services to different client types including financial planning, tax, consulting and portfolio management services.

DWA, formerly known as Somerset Advisers LLC, has been in business since January 3, 2006. DWA is owned by Dougherty Financial Group LLC (“DFG”) and Todd Witcraft, who works in and on the business every day. We believe that Mr. Witcraft’s ownership reflects a commitment build a business to best serve our clients. The majority owner of DFG is Michael Dougherty.

DWA offers a suite of wealth management services including discretionary and non-discretionary portfolio management services as well as a variety of financial planning and consulting services, including, but not limited to:

- Cash Flow & Budgeting
- Tax Planning
- Retirement Planning
- Executive Compensation
- Protection Planning
- Financial Reporting
- Wealth Transfer
- Charitable Planning
- Estate Planning
- Business Planning
- Succession Planning
- Family Financial Planning
- Educational Funding

All such services are tailored to a client’s individual situation and DWA works with clients to understand their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, DWA assists its clients in developing an appropriate strategy for managing their assets and financial affairs.

DWA manages client investment portfolios primarily by using various asset allocation models comprised of mutual funds and Exchange Traded Funds (“ETFs”). Where suitable for an account, DWA may also invest directly in individual debt and equity securities and may also recommend and advise upon certain privately placed securities,

including debt, equity and/or pooled investment vehicles (e.g., hedge funds, private equity funds, funds of funds, etc.). DWA may also recommend that clients hire third party investment managers to manage a portion of the client's account directly.

DWA may also provide advice with regard to various types of legacy holdings, as well as certain investment products that are not maintained at the client's primary custodian, such as variable annuity contracts and assets held through employer sponsored retirement plans, qualified tuition plans (i.e., 529 plans) and executive compensation plans (deferred compensation, employee stock options, etc.). In the latter situation, DWA may direct or recommend the allocation of client assets among the investment options available within the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Clients should promptly notify DWA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios.

As of December 31, 2020, DWA manages \$291,419,000.00 in assets.

As a general matter, DWA and its personnel will not serve or act as trustee for client accounts. Except to the extent agreed to in writing in a client's investment advisory agreement with DWA, DWA will not monitor, advise or act for a client in legal proceedings, including, without limitation, class actions and bankruptcies, involving securities purchased or held in client accounts. Affected clients should instruct their custodians to promptly forward to them any communications relating to legal proceedings involving such assets.

## **ITEM 5: FEES AND COMPENSATION**

With respect to discretionary and non-discretionary portfolio management services, DWA's fee is typically based on assets under management. The asset-based fees generally vary between 40 and 125 basis points (0.40% – 1.25%) annually, paid in quarterly installments, depending upon the amount of assets being managed and the type of portfolio management services to be rendered. In its sole discretion, DWA may agree to provide such services at a fixed rate not based on a percentage of assets under management. The investment advisory fees we charge may vary significantly from client to client in our sole discretion, and may be higher or lower than those indicated in the basic fee schedule above, depending on a number of factors, including the amount of assets under management, the nature of the assets, the type of analysis required to manage the account, the level of service required by the client, the time that the client began their relationship with us, and other factors. Our investment advisory fees are negotiable. The client's agreement with DWA specifies the fee to be charged and how it is to be paid.

Fees are typically charged quarterly, in advance, and calculated using the market value of the assets being managed on the last day of the previous billing cycle. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not prorated to account for the interim change in

portfolio value. If the client relationship is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is refunded or charged to the client, as appropriate.

DWA typically deducts fees directly from client accounts but will bill clients upon request.

If assets in the client's account are invested in mutual funds (including money market funds), exchange-traded funds, unit investment trusts, private investment funds, annuities or similar investment vehicles, the client's account will bear its proportionate share of the fees and expenses of such investment vehicles, as well as any applicable sales loads (although we expect that most transactions in mutual fund shares will be free from sales loads), in addition to the fees payable to us. Similarly, clients that retain a third-party investment manager will pay a separate advisory fee to that manager as well as any expenses related to that manager's services as set out in the manager's Form ADV Part 2A. Clients whose accounts are invested in such investment vehicles or with such manager will therefore pay two levels of advisory fees on such assets - one through the vehicle to its investment adviser (or directly to the adviser) and one to us.

With respect to brokerage and custodial fees, DWA has entered into a relationship with National Financial Services LLC and Fidelity Brokerage Services, LLC (collectively, "Fidelity"), regarding clients that enter into a custodial relationship with Fidelity and which receive direct advisory services from DWA (as opposed to clients that hire third party managers). For such direct advisory clients, DWA has agreed to pay the fees and expenses related to investment transactions that Fidelity would otherwise charge directly to the client's account. Clients that do not hire Fidelity as custodian will pay brokerage charges and custodial fees and also any taxes or other costs incidental to the purchase or sale of securities. Further information regarding our brokerage practices is found in Item 12 below.

Certain DWA personnel are licensed in Minnesota as insurance producers. This license entitles the personnel to offer and sell certain insurance products related to life. Such personnel may receive commissions from the sale of these products. As a result, such personnel have an incentive to recommend the insurance products based on the compensation received rather than a client's needs. However, clients make the final determination whether to purchase such products. These commissions are secondary to DWA's fee based business.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

DWA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). As a result, we have no conflicts of interest between accounts that pay asset-based fees and accounts that pay performance-based fees.

## **ITEM 7: TYPES OF CLIENTS**

DWA provides investment management and financial planning services to:

- Individuals
- Trusts and Estates
- Charitable Organizations
- High Net Worth Individuals

With respect to portfolio management services, the minimum account size required is \$5 million, subject to waiver by us in our sole discretion.

DWA does require that each client enter into a written and signed engagement letter or advisory agreement with DWA. DWA reserves the right to decline any new engagement, or to resign as adviser to any account after initiation of the advisory relationship.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

For both financial planning and portfolio management services, DWA works with clients to understand their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, DWA assists its clients in developing an appropriate strategy for managing their assets and financial affairs.

DWA uses capital market assumptions of historical average returns and standard deviations and client specific time horizon, objectives and risk tolerance to construct a portfolio asset allocation. In connection with DWA's planning service, a withdrawal strategy is mapped out to meet the unique needs of the client and maximize tax efficiencies. DWA will assist the client in the selection of a third party investment manager.

With respect to portfolio management services, DWA manages clients' investment portfolios on a discretionary or non-discretionary basis by allocating assets among various investment products as described further below.

DWA manages client investment portfolios primarily by using various asset allocation models comprised of mutual funds and Exchange Traded Funds ("ETFs"). Where suitable for an account, DWA may also invest directly in individual debt and equity securities, real estate investment trusts ("REITs") and may also recommend and advise upon certain privately placed securities, including debt, equity and/or pooled investment vehicles (e.g., hedge funds, private equity funds, funds of funds, etc.). DWA may also recommend that clients hire third party investment managers to manage a portion of the client's account directly.

Investing in securities includes risk of loss that clients should be prepared to bear. There is no assurance that an investment or manager will provide positive performance over any

period of time. Past performance is no guarantee of future results and different periods and market conditions may result in significantly different outcomes. The material risks presented by our investment strategies are set forth below, but this section does not attempt to identify every risk, or to describe completely those risks it does identify. The risks set forth below apply to the extent financial planning recommendations or portfolio management decisions involve the identified asset classes and/or investments.

*Stock market risk:* the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

*Fixed income risks:* including: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The strategy would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the strategy's income.

*Municipal security risks:* municipal bonds are subject to the fixed income risks described above as well as the following risks: *legislative risk*- the risk that a change in the tax code could affect the value of tax-exempt interest income; and *liquidity risk*- the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer.

*Foreign investment risk:* investments in foreign securities involve considerations and risks not typically associated with investments in securities of domestic companies. These include, for example, unfavorable changes in currency exchange rates, substantial changes in governmental policies, political and economic instability and changes in relations between nations. Foreign markets are not subject to the same regulation as domestic markets. In addition, there is often less publicly available information about foreign markets and issuers than about domestic markets and issuers.

*Asset allocation risk:* asset allocation may have a more significant effect on account value when one of the more heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

*Mutual fund and ETF risks:* Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as



mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Third Party Manager risk:* DWA may recommend the use of third-party investment managers. In these situations, DWA continues to perform ongoing due diligence of such managers, but such recommendations rely to a great extent on such managers' ability to successfully implement their investment strategies and there is no guarantee of success. In addition, DWA does not, nor does it have the ability to, supervise the managers on a day-to-day basis.

*Private investment fund risk:* DWA may recommend that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients must consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

*Real Estate Investment Trust (REITs) risk:* DWA may recommend an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential

developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

*Margin risk:* On an infrequent basis, DWA may use margin in managing a client's portfolio. While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk and expense. Margin transactions are generally affected using capital borrowed from a custodian, which is secured by a client's holdings. Under certain circumstances, a lending custodian may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the custodian may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

*Cybersecurity risk:* As the use of technology and the Internet has become more prevalent in the course of business, DWA has become more susceptible to operational, financial and information security risks resulting from cyber security breaches or other cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to electronic systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets, sensitive information (e.g., personally identifiable information ("PII") or trading information), corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting DWA or any its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate account values, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. Similar adverse consequences could result from cyber incidents involving counterparties with which DWA engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for DWA's clients) and other parties.

Although DWA has established internal risk management security protocols reasonably designed to prevent or detect, identify and respond to and recover from cybersecurity incidents, there are inherent limitations in such protocols including the possibility that certain threats and vulnerabilities have not been identified or made public due to the

evolving nature of cybersecurity threats. As such, there is a possibility that DWA has not adequately prepared for or identified certain risks. Furthermore, DWA cannot directly control any cyber security plans and systems put in place by its service providers.

Cyber security risks are also present for issuers of securities in which a client account invests, which could result in material adverse consequences for such issuers, and may cause a client account's investment in such securities to lose value.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of DWA or the integrity of our management. DWA has nothing responsive to this item.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Dougherty Trust Company, LLC ("DTC") was established to leverage DWA's trust knowledge, financial planning skills and industry experience to further serve its client families. DTC plans to engage DWA to provide investment advisory services to its clients. Investment advisory fees are separate from and in addition to the trustee fees that would be payable to DTC. No client of DTC is required to use DWA as an investment adviser and clients may engage the services of other providers. Similarly, no client of DWA is required to use the services of DTC for trust services and a client may engage the services of a non-affiliated trust company for fiduciary trust services. The affiliation between the two entities is thoroughly outlined in a disclosure provided to new DTC clients.

Certain of DWA's employees, in their individual capacities, are certified public accountants and may provide tax planning and preparation through Dougherty Tax and Accounting LLC. There are typically separate fees for this service. Additional fees may be charged for more complex filings and would be reviewed with the client, prior to engagement.

Dougherty Financial Group LLC ("DFG") and Todd Witcraft are each majority owners of DWA LLC.

DWA receives and pays for certain administrative services from DFG.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

DWA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidance on certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at DWA must acknowledge the terms of the Code of Ethics.

DWA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 612-376-4040.

DWA requires prompt reports on all transactions covered by the Code. DWA further requires that all brokerage account relationships be disclosed, that DWA receive duplicate confirmations of transactions and custodial account statements, and certifications of compliance with the Code of Ethics from all covered persons.

In addition to reporting and record keeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on covered transactions, including the following:

1. All transactions by access persons in securities covered by the Code should be pre-approved, unless an exemption or exception applies. Transactions will be approved and executed only if there are no conflicting recommendations pending for the portfolios of clients.
2. Purchase of new equity issues on the initial underwriting by employees is prohibited. Access persons are further prohibited from buying or selling any security except as allowed by a de minimis exemption for transactions involving a small number of shares of companies with very large market capitalization and high average daily trading volume.

Officers and/or employees may personally own securities of an affiliated broker-dealer and/or custodians that are used by clients.

## **ITEM 12: BROKERAGE PRACTICES**

### *Selection of Brokers*

We recommend that portfolio management clients establish a broker-dealer custodial relationship with Fidelity, as noted above, because of its execution capabilities and the arrangement described below. In our advisory agreements with clients, clients direct us to trade with Fidelity.

Given our arrangement with Fidelity to pay for client trading and related expenses, we believe trading with Fidelity will be consistent with seeking best execution. However, by directing us to trade through Fidelity we may be unable to achieve the most favorable execution of client transactions and this direction may cost clients more money. For example, it may result in greater spreads or less favorable net prices than if we selected the broker-dealers to execute transactions.

Portfolio management clients that do not wish to establish a custodial relationship with Fidelity will not have the benefit of our arrangement with Fidelity and such clients will bear all of the custody and brokerage fees and expenses themselves. By directing us to trade through their custodial broker-dealer we may be unable to achieve the most favorable execution of client transactions and this direction may cost clients more money. For example, it may result in higher commission, greater spreads or less favorable net prices than if we selected the broker-dealers to execute transactions.

### *Aggregation of Orders*

Given the highly individualized nature of the investment services we provide, securities transactions for client accounts are generally effected separately for each account. However, sometimes a decision is made to simultaneously purchase or sell the same security for a number of clients using the same broker-dealer. In such a case, trades in the same security for clients using the same broker-dealer will be aggregated or “bunched” in a single order in an effort to obtain the best execution at the best price available. If a bunched order is filled at several prices (which may occur in more than one transaction), each client participating in the order will receive the average price, which could be higher or lower than the actual price that would otherwise be paid by the client in the absence of bunching. The transaction costs incurred in the transaction will be shared proportionately based on each client’s participation in the transaction.

When placing an aggregated or “bunched” order, we will prepare a written statement regarding the allocation of the order among our clients, and the executed order will then be allocated according to the written statement. If the aggregated order is not filled in its entirety, the partially filled order will be allocated pro rata based on the written statement. If, after placing the order, the allocation must be changed for certain reasons (e.g., a client withdraws cash from an account scheduled to participate in the order), such change in allocation will be recorded in writing and approved by our Chief Compliance Officer.

As we expect most of clients will use Fidelity as their custodial broker-dealer, the opportunity to bunch trades for clients using alternative brokerage arrangements is extremely limited. Clients using alternative brokerage arrangements should therefore understand that they may lose the possible advantage that clients using Fidelity as their custodial broker-dealer, or clients providing us with brokerage discretion with respect to transactions in certain fixed income securities, may derive from the bunching of orders for several clients in a single transaction for the purchase or sale of a particular security.

In executing equity trades across multiple brokers, we will rotate the order in which such trades are placed or may use some other approach in an effort to ensure that no accounts are systematically favored and that all accounts are treated fairly and equitably over time. Given the nature of the securities typically traded in client portfolios and the size of the orders executed, we do not believe that accounts traded after other accounts will receive less favorable pricing, although it is possible.

#### *Trade Errors*

Occasionally, a trading error may occur in a client's account, *e.g.*, the wrong security may be bought or sold. We of course seek to keep these errors to a minimum. However, if we do discover a trading error, we immediately contact the broker-dealer to provide notice of the error and to correct it. If feasible, the trade will be canceled. If we were responsible for the trade error, we will bear any net loss. If the trade error correction results in a net loss to the client, and we were responsible for the trade error, we will reimburse the client. If correcting an error results in a gain in a client's account, the client will keep any such gain unless (i) the same error involved other client accounts that should have received the gain, (ii) it is not permissible for the client to retain the gain, or (iii) we confer with the client and the client chooses to forego the gain (*e.g.*, due to tax reasons). If a client chooses not to keep a gain, we will take measures to ensure we do not benefit from the gain, such as donating the gain to charity. As a general matter, to the extent related trade errors result in both gains and losses in a client's account, they will be netted for the purpose of determining the amount of overall loss or gain.

### **ITEM 13: REVIEW OF ACCOUNTS**

With respect to financial planning and tax advisory services, the client's financial needs are reviewed at least annually with the client.

With respect to portfolio management clients, DWA monitors its clients' investment portfolios on an ongoing basis, and generally conducts regular account reviews at least quarterly. Such reviews are conducted by the client's Financial Advisor. All wealth management clients are encouraged to discuss their needs, goals, and objectives with DWA and to keep DWA informed of any changes thereto. DWA contacts ongoing investment advisory clients at least annually to review previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the custodians holding their accounts.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

At this time, DWA does not have any arrangements to pay third parties for client referrals. If this changes in the future, we will comply with the disclosure and related regulatory requirements.

DWA may receive insurance commissions from the sale of various types of insurance policies as disclosed in Item 5.

In this Item, advisers are to disclose whether someone who is not a client provides an economic benefit to the adviser for providing investment advice or other advisory services to clients.

#### **ITEM 15: CUSTODY**

We are deemed by the applicable SEC rules and guidance to have custody of client assets for those accounts where we have the power to deduct our advisory fee directly from the account and where we have limited authority from the client to direct the transfer of client assets. All such accounts are physically custodied by an independent third-party custodian. Such custodians provide monthly or quarterly account statements to clients. Clients should carefully review those statements.

#### **ITEM 16: INVESTMENT DISCRETION**

DWA manages certain client assets or accounts on a discretionary basis. This means we have the authority, as set forth in our advisory agreement, to make buy and sell decisions for the client's investment account without first getting client approval for each transaction.

Any investment discretion we exercise is subject to the provisions of the client's account documents, including any applicable investment guidelines or policy statements. Such guidelines or statements address the types of investments we can make on the client's behalf as well as investment objectives and asset allocation.

#### **ITEM 17: VOTING CLIENT SECURITIES**

DWA does not have and will not accept any authority to vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving from their custodian and voting proxies for any and all securities maintained in client portfolios. DWA may provide advice to clients regarding the clients' voting of proxies.

#### **ITEM 18: FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about DWA's financial condition. DWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **OUR CLIENT PRIVACY PLEDGE**

At Dougherty Wealth Advisers LLC our clients' trust is important to us. Because you trust us with your financial and other personal information, we take the safeguarding and respect of this information very seriously. In order to maintain that trust, we pledge to protect your privacy by striving to adhere to the policy outlined below.

Personal information we obtain is limited but may come to us through interviews with you, tax return organizers, financial planning organizers, financial history questionnaires, financial statements, correspondence between you and us, our affiliates, and others, account opening documents and custodial statements. The type of information collected is personal financial information, transaction and various other similar items of personal information. This information is important to our providing the best services to you.

There may be times when such information is provided to our affiliates and/or parent company, to enable us to receive services such as accounting, legal and compliance matters.

It is our policy that we do not provide current and former customer names and information to any outside firms, persons or organizations (such as catalogue or direct mail companies) unless there is a pre-existing relationship you have established such as a custodian or professional service provider and you have provided authority for us to do so or in situations where we have a legal or regulatory obligation to provide such information.

It is our policy to not provide any other businesses with any information specific to clients of Dougherty Wealth Advisers LLC for the purpose of marketing or business leads, except as indicated above.

Your information is protected in various manners. All employees are subject to a policy regarding confidentiality. Employees who violate our privacy policy are subject to disciplinary process. In addition, our internal systems are secured through encryption technology, passwords and physical safeguards. We strive to maintain the confidentiality of your personal information.