

The logo for Dover Investment Advisory Corporation (DIAC) features the letters "DIAC" in a large, bold, olive-green serif font. A horizontal line with a small gap in the center passes behind the letters. Below this line, the words "DOVER INVESTMENT ADVISORY CORPORATION" are written in a smaller, dark blue, all-caps serif font.

DIAC

DOVER INVESTMENT ADVISORY CORPORATION

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Dover Investment Advisory Corporation is a registered investment adviser. However, this status does not imply a certain level of skill or training. Information regarding the experience of the employees of Dover Investment Advisory Corporation is described on page 8 of this brochure.

This brochure provides information about the qualifications and business practices of Dover Investment Advisory Corporation (DIAC). If you have any questions about the contents of this brochure, please contact us at (508) 954-9745 or stuart@doverinvestmentadvisory.com. 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 Dover Investment Advisory Corporation also is available at the SEC's web site at www.adviserinfo.sec.gov.

Table of Contents

Page 3: Advisory Business

Page 3 & 4: Fees and Compensation

Page 4: Performance-Based Fees and Side-By-Side Management

Page 4: Types of Clients

Page 5: Methods of Analysis, Investment Strategies and Risk of Loss

Page 5: Disciplinary Information

Page 5: Other Financial Industry Activities and Affiliations

Page 5 & 6: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Page 6 & 7: Brokerage Practices

Page 7: Review of Accounts

Page 7: Client Referrals and Other Compensation

Page 7: Custody

Page 8: Investment Discretion

Page 8: Voting Client Securities

Page 8: Financial Information

Page 8: Requirements for State-Registered Advisers:
Education & business background for principal executive officers and management persons.

Advisory Business

Dover Investment Advisory Corporation (DIAC) was founded in January 2003 by Stuart K. Nagode. Mr. Nagode is responsible for all activities at DIAC and is currently its only employee. Mr. Nagode owns 100% of DIAC.

DIAC provides a reasonably priced investment advisory service to individuals, trusts and corporations. While not currently doing so, DIAC would also provide its services to endowments, foundations and partnerships. DIAC strives to ensure that clients participate in the world's capital markets with a broadly diversified portfolio constructed in a rational and cost effective manner.

DIAC offers two portfolio strategies: equity and balanced. Both strategies invest primarily, but not exclusively, in low cost mutual funds, exchange traded funds and other client appropriate financial instruments. The structure of Stuart Nagode's personal portfolio serves as the basic template for all client portfolios. Mr. Nagode's portfolio has maintained an asset allocation of between 60% & 70% in equities and between 30% & 40% in fixed income since inception. Clients in the balanced strategy have an asset allocation that is based on their investment time horizon and risk tolerance. Clients with a shorter investment time horizon and/or lower risk tolerance will have a lower equity exposure than clients with a longer time horizon and/or higher risk tolerance. For some clients, DIAC manages only a portion of their investable assets. This is generally the case for clients who retain DIAC and choose the equity strategy.

Within each of the two broad asset class categories (equity & fixed income) all portfolios (Mr. Nagode's and all clients) are substantially similar. For example, if Mr. Nagode's target exposure to domestic large cap value funds is 20% of his total equity exposure, DIAC clients would have approximately 20% of their total equity exposure in domestic large cap value funds. Any differences are the result of either fund availability (funds close to new investors from time to time) or client specific factors (timing of cash flows, risk factors, client preferences, etc.).

DIAC believes that two of the most important characteristics of a portfolio are 1) broad diversification and 2) low cost. That being said, DIAC also recognizes that active management of some asset classes (small cap, value style investing and international, for example) can add value in excess of incremental fees. DIAC selects and monitors the funds that represent each asset class utilized in the client portfolios.

DIAC focuses its efforts on managing globally diversified portfolios for its clients. DIAC does not provide any financial planning services. During initial and subsequent meetings between DIAC and its clients, an appropriate high level asset allocation target (meaning the % allocated to equities & commodities and the % allocated to fixed income and cash) is determined. When coming to this determination, DIAC and the client consider the client's investment time horizon, risk tolerance and relevant specific circumstances.

DIAC manages client portfolios on a fully discretionary basis. This means that DIAC will make changes to client portfolios based on its own judgment, without first consulting the client. As of 9/30/2023, DIAC managed \$112.3 million dollars.

Fees and Compensation

DIAC's only source of income is the fee charged to its clients. DIAC does not receive any commission income, 12b-1 fees, or payments of any sort from any of the funds used to construct client portfolios or by the custodians who hold client assets.

DIAC invoices clients in advance, each calendar quarter. Q1 fees are invoiced in January. Q2 fees are invoiced in April. Q3 fees are invoiced in July. Q4 fees are invoiced in October. The quarterly fee is calculated by applying the fee schedule listed below to the assets under management at the beginning of the calendar quarter and taking 25% of that result. Client portfolios often consist of one or more IRAs, taxable brokerage accounts, trust accounts, active 401k and/or 403b accounts. When available, client fees will be

deducted directly from one or more of the accounts that comprise the client portfolio. Under these circumstances, clients will receive an invoice detailing the amount of the fee deducted at approximately the same time the custodian pays the fee to DIAC. In addition, the custodian will provide quarterly statements to both DIAC and the client showing all disbursements from the client's custodial account. If the deduction of advisory fees directly from the client's account is not available, the client will be invoiced directly each quarter. Fees are due upon receipt of the invoice.

DIAC Fee Schedule

0.50% on the first \$3 million in assets under management
0.375% on the assets under management over \$3 million, but less than \$5 million
0.25% on all assets under management over \$5 million
fees are not negotiable

If a client terminates the relationship with DIAC in the middle of the quarter, giving the required 30-day notice, the client may request a refund for the period following the effective date of the termination (30 days after notice is given) to the end of the quarter. The amount of the refund will be determined on a prorated basis. For example, if the client gives written termination notice to DIAC on January 10th, the effective termination date would be February 9th. If the Q1 fee was \$625, the client would be eligible to receive a refund of \$347.22 ($\$625 \times 50/90$).

If a termination notice is given within the first two years of the relationship, the client may be subject to a minimum fee. The minimum fee is equal to the lesser of 1% of assets under management, or \$5,000. DIAC puts considerable effort into understanding client needs and risk tolerances, consolidating client assets, analyzing existing investments, and restructuring client portfolios. DIAC does not charge a start-up fee in recognition of these efforts. Instead, DIAC expects to be compensated for this effort over time. This approach, combined with what DIAC believes is a modest advisory fee (maximum of 0.125% / quarter) may result in a minimum fee charge equivalent to the lesser of \$5,000 or 1% of assets under management at the time of termination. The minimum fee at termination will be calculated by subtracting all fees paid to DIAC from the lesser of \$5,000, or 1% of the assets under management at the month-end just prior to termination notice being given.

In addition to the fee payable to DIAC, clients will also pay the fees associated with the funds that comprise the portfolio. These fees are deducted by the mutual fund company or exchange traded fund sponsor directly from each fund. The client will also pay any transaction fee imposed by either the fund company or the custodian where the client assets are held.

Many of the investments DIAC uses in client portfolios are available to the public through a variety of brokers not affiliated with DIAC, while some of the funds are only available to advisors. Some of the available funds charge a front-end load or sales commission when purchased by individuals. Often, these fees are waived for DIAC and other advisors. While clients can purchase these funds, they may be subject to the sales charge, while DIAC clients may not.

Performance-Based Fees and Side-By-Side Management

DIAC does not charge any performance-based fees or manage any other accounts that have a different fee arrangement than that described in the Fees and Compensation section above.

Types of Clients

DIAC provides its investment services to individuals, trusts and corporations. While not currently doing so, DIAC would also provide its services to endowments, foundations and partnerships.

Methods of Analysis, Investment Strategies and Risk of Loss

DIAC's investment philosophy leads us to seek broadly diversified portfolios constructed with low cost funds. Index funds are used in many asset classes. To identify and monitor these funds, DIAC utilizes Morningstar's robust database of mutual funds and exchange traded funds. To keep apprised of domestic and global economic developments, DIAC relies on the Wall Street Journal, CNBC, The Economist, industry conferences, the CFA Society Boston and a host industry contacts and web sites for information.

DIAC does not believe anyone can consistently outperform the market, so our strategy does not try to do that. We want to participate in the capital markets of the world in a way that is rational and cost effective. We do recognize that markets can get significantly overvalued and undervalued from time to time. While we generally stay invested at our asset allocation targets, we will move away from assets we perceive to be significantly overvalued and toward those that we perceive to be significantly undervalued.

DIAC believes that one of the greatest risks investors face is purchasing power risk. This is the risk that the purchasing power of accumulated assets will erode over time. In order to combat this long term risk, portfolios must have a significant allocation to asset classes that are more likely to outperform inflation over the long term. These asset classes include equities, commodities and real estate. While they are more likely to outperform inflation over the long term, they are very likely to experience significant price volatility in the short and intermediate terms (1 minute to several years). This means that it is likely that at some point during a client's multi-year investment time horizon some of the assets will be at a loss. Because DIAC invests in 25 to 35 diversified funds, the likelihood of all of them going to zero is extremely small. That does not mean that they cannot lose value. They can, will and have. History has shown us that asset classes that tend to outperform inflation over the long term are inherently volatile in the short and intermediate terms. So, in order to avoid the long term erosion of purchasing power, investors must take short and intermediate term risk. The management of this process is what DIAC does for clients.

Disciplinary Information

Not applicable, as no one at DIAC has any disciplinary history.

The disciplinary history of any Massachusetts based investment advisor and its representatives can be obtained from the Massachusetts Securities Division.

Other Financial Industry Activities and Affiliations

DIAC has no industry activities beyond its investment advisory business.
DIAC has no affiliations.

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

DIAC's Code of Ethics establishes rules of conduct for Stuart Nagode, the only employee of DIAC. It is designed to, among other things, govern Mr. Nagode's personal securities trading activities, and those of immediate family/household accounts in which he has a beneficial interest. The Code is based upon the principle that DIAC and Mr. Nagode owe a fiduciary duty to DIAC's clients to conduct their affairs, including personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of

their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Stuart Nagode's personal portfolio serves as the basic template for all client portfolios. Therefore, there is substantial overlap in the securities in Mr. Nagode's and all DIAC client portfolios. The portfolios (client's & Mr. Nagode's) generally hold open ended mutual funds and index exchange traded funds (ETFs).

Trading activity is required due to:

1. a client specific situation (for example - funds being added or withdrawn from the portfolio),
2. routine rebalancing, or
3. an investment decision made to alter the allocation targets or to replace/remove/add a specific fund or ETF used in the portfolio.

Trades made in response to a client specific situation are executed as needed. Rebalancing trades are made as each client portfolio is reviewed and a need to rebalance is indicated. With respect to these two items, Mr. Nagode's portfolio is treated in exactly the same manner. Trades made in response to a change in the allocation targets or a specific fund are made individually in each portfolio, going in alphabetical order. DIAC does not aggregate trades. Mr. Nagode's portfolio is part of that ordering, and is therefore treated in exactly the same manner.

DIAC (or anyone else, for that matter) has no way of knowing whether going first (names beginning with A) or last (names beginning with Z) is more or less advantageous. DIAC believes that short-term price movements are unpredictable and therefore believes that there is no advantage to being first or last when it comes to the order in which trades are placed.

The majority of the trading activity in DIAC client portfolios is in mutual funds, which all receive the same, end of the day, price if made on the same day. Most trading activity that affects all DIAC accounts take several days to execute, so clients will receive different prices, depending on the day (and time for ETF trades) trades were executed.

DIAC's code of ethics requires that the interests of Mr. Nagode must not be put ahead of the interests of DIAC's clients. Mr. Nagode's portfolio is treated exactly the same as the portfolios of each of DIAC's clients. DIAC will provide a copy of its code of ethics to any client or prospective client who requests one.

Brokerage Practices

DIAC is a small investment advisor (total assets under management on 9/30/2023 were \$112.3 million) with a low turnover investment philosophy. Therefore, DIAC has no ability to negotiate commission rates or influence trade executions at any broker/dealer. DIAC simply does not generate enough trading activity to have any influence.

DIAC constructs portfolios using low cost mutual funds and exchange traded funds (ETFs). The ETFs serve as the long-term core holding in many of the allocations and are traded infrequently. DIAC generally rebalances portfolios by making trades in mutual funds that have no transaction costs. Therefore, it is more advantageous for DIAC's clients to have access to a large number of mutual funds that do not have transaction costs, than it is to seek the absolutely lowest commission and potential best execution on the infrequent ETF trades. In addition, it is not unusual for some mutual funds to impose a sales charge (or load) of up to 5.25%. In many cases, these sales charges are waived for advisors that have access to an institutional mutual fund investment platform (like Fidelity Investments, Charles Schwab, etc.). Therefore, DIAC believes that it is advantageous for the client to have DIAC concentrate its client assets on a single institutional platform.

Fidelity had one of the lowest asset level minimums for inclusion on an institutional platform when DIAC was seeking a suitable platform (\$5 million, while Schwab's minimum was \$25 million). Fidelity also has one of the largest mutual fund supermarkets with many load funds having agreed to waive the sales charge for advisors on the platform. In addition, Fidelity, through its institutional platform, provides web based tools that make it more efficient for DIAC to serve its client's investment needs (tax information, on-line trading, fee deduction services, etc.). These are available to advisors on the platform at no cost.

For all of the reasons listed above, it is DIAC's practice to suggest Fidelity Investments as the client's custodian. Clients are free to choose a different custodian. In either case, the client and DIAC agree to the custodian and broker/dealer to be used in the investment advisory agreement between the two parties. The commission rate paid by the client is determined by the commission schedule of the custodian selected.

DIAC receives no research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. The only item that may be considered by some to be a product or service is web access to client portfolios for on-line management by DIAC.

DIAC has no arrangements or agreements with any broker-dealer regarding client referrals.

DIAC does not allow client directed brokerage, other than that agreed to in the investment advisory agreement.

DIAC does not aggregate trades. DIAC manages client accounts individually and this important process does not lend itself to trade aggregation. Trade aggregation would likely result in a modest savings, but not at a level sufficient to give up individual account management, in DIAC's view.

Review of Accounts

All accounts are reviewed at least quarterly by Stuart Nagode, the founder, owner, and president of DIAC. Accounts typically consist of mutual funds (both index funds and actively managed funds) and exchange traded funds. Quarterly reviews are focused on ensuring the funds selected for the client portfolios continue to perform in the manner expected when they were initially selected for inclusion in client portfolios. If a material change in the management team or the management company of one of the funds occurs, it would trigger an immediate review of the fund to determine if it remains appropriate for use in client portfolios. Other review triggers could be material market, economic or political events or by changes in the client's individual circumstances.

DIAC sends a written quarterly reporting package to all clients. The package includes a letter summarizing the activity in and the performance of the portfolio(s) along with reports detailing performance, total change in value, and allocation of the portfolio(s).

Client Referrals and Other Compensation

DIAC has no client referral or other compensation arrangements or agreements.

Custody

DIAC does not have custody of client funds.

Investment Discretion

DIAC manages all client portfolios on a fully discretionary basis. This means that DIAC will make changes to client portfolio without first contacting them. This discretionary authority is detailed in the investment advisory agreement between DIAC and the client.

Voting Client Securities

DIAC indicates on all client account applications that it will vote all proxies for the securities held in the client portfolio.

DIAC will generally vote “against” any fee increases and “for” general governance issues recommended by the Board of the fund in question. DIAC does not take input from clients when determining how to vote. Clients may request a report showing how DIAC voted their securities.

Financial Information

DIAC does not believe there could be a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Requirements for State-Registered Advisers

Stuart K Nagode, CFA is the only executive officer of DIAC. Mr. Nagode was born on April 12, 1960, received a Bachelor of Science degree in Agricultural Economics from Oklahoma State University in 1985, a Masters of Business Administration degree with High Distinction from Babson College in 1989, and a Chartered Financial Analyst designation from the CFA Institute in 2000. Prior to founding DIAC, Mr. Nagode was employed by United Asset Management Corporation in a variety of capacities from July 1988 through the end of 2001.

DIAC is the only business in which Mr. Nagode is actively engaged.