

# Davis & Wehrle, LLC

Registered Investment Adviser

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## **Form ADV Part 2A – Firm Brochure**

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Dated February 2024

This brochure provides information about the qualifications and business practices of Davis & Wehrle, LLC. If you have any questions about the contents of this brochure, please contact us at 512-346-1131. 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 Davis & Wehrle, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Davis & Wehrle, LLC is 144572.

Davis & Wehrle, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Since our last annual filing of this Form ADV Part 2A, dated February 23, 2023, we have had no material changes to disclose.

Please note that this section only discusses changes we believe are material. In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 90 days of the close of our business' fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Kevin T. Davis at 512-346-1131.

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## **Item 4: Advisory Business**

### **Description of Advisory Firm**

Davis & Wehrle, LLC (“D&W”, “Firm”, “us”, “we”, “our”) is a Registered Investment Adviser (“Adviser”) which offers investment advice regarding securities and other financial services to clients. We are registered with and regulated by the Mississippi Secretary of State’s Office, Securities Division.

We provide investment advice through Investment Adviser Representatives (“IAR”) associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all IARs are required to have a college degree, professional designation, or equivalent professional experience.

D&W was founded in 2006 by Kevin T. Davis who serves as Chief Compliance Officer and Managing Member and Mark E. Wehrle who also serves as Managing Member. We provide management services to individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. We have no minimum account opening balance requirement.

We are committed to the precept that by placing the client’s interests first, we will add value to the asset management process and earn the client’s trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

### **Types of Advisory Services**

#### **Asset Management**

Firm shall provide investment supervisory services to certain clients. Asset management is the professional management of securities (stocks, bonds and other securities) and assets (e.g., real estate) in order to meet your specified investment goals. With an Asset Management Account, you engage us to assist you in developing a custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, ETFs, etc.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy. Our recommendations and ongoing

management are based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in semiannual and annual account reviews. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account.

We will:

- Conduct an initial interview with the Client (either in person, by telephone conference, and/or via a questionnaire) to determine the Client's financial circumstances, goals, acceptable levels of risk and other relevant circumstances.
- Manage the Client's Account on the basis of the Client's financial circumstances, investment objectives, risk tolerance and time horizon.
- Build a risk management profile for the Client.
- Advise on asset selection.
- Monitor the Client's circumstances through Account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire.
- Assist the Client in setting and monitoring goals and objectives.
- Be reasonably available to consult with the Client relative to the status of the Client's Account.

You are obligated to notify us promptly when your financial situation, goals, objectives, or needs change.

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may be a specific company security, industry sector, asset class, or any other restriction you request.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

If you decide to implement our recommendations, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, and not with us. We recommend using Charles Schwab & Co., Inc. ("Charles Schwab" or "Schwab"). Schwab is a FINRA/SIPC member, and has no affiliation with Davis & Wehrle.

You will enter into a separate custodial agreement with the custodian which authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. You will be notified of any purchases or sales through trade confirmations and statements that are provided by the custodian. These statements list the total value of the account, itemize all transaction activity, and list the types, amounts, and total value of securities held. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

We manage assets on a discretionary basis, which means you have given us the authority to determine the following with/without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account
- Broker-dealer to be used for a purchase or sale of securities for your account
- Commission rates to be paid to a broker or dealer for your securities transaction.

Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account.

We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### **Financial Planning/Consulting**

We provide financial planning services such as investment planning, general financial planning, income tax planning, business succession planning, retirement planning, educational fund planning, individual tax planning, risk management, estate planning, business planning and insurance planning. Fee based financial planning is a comprehensive relationship which incorporates many different aspects of your financial status into an overall plan that meets your goals and objectives. The financial planning relationship consists of face-to-face meetings and ad hoc meetings with you and/or your other advisors (attorneys, accountants, etc.) as necessary.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

We provide financial consulting services such as investment portfolio monitoring, financial counseling, business or estate planning, financial planning, 401(k) participant services, etc.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this Brochure. You are under no obligation to implement recommendations through us. If you engage us for financial planning services, you may implement your financial plan through any financial organization of your choice.

We obtain information from a wide variety of publicly available sources. We do not have any inside private information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. Choosing which advice to follow is your decision.



## **Wrap Fee Programs**

We currently provide our asset management services in investment programs that bundle or “wrap” services (investment advice, trade execution, custody, etc.) together and charge a single fee based on the value of assets under management. See, Appendix 1 Wrap Fee Brochure for additional information regarding our wrap fee program.

## **Retirement Plan Services**

For our firm’s Retirement Plan accounts, our service begins with an analysis of the current retirement plan structure, custodian, third-party administrator, daily record keeper, investments, managed investment models, and fees. The analysis is designed to determine if we are able to add value to the plan and what areas, if any, may be deficient from both a regulatory perspective and from a financial advisory perspective.

We will offer you one or more of the following services:

- Plan design and asset selection consultation
- Develop and annually review Investment Policy Statement (“IPS”)
- Develop investment menu according to the IPS
- Review plan sponsor’s stated financial criteria for each investment option
- Monitor each investment option according to the IPS
- Quarterly portfolio statements, rate of return reports, asset allocation statements
- Provide investment research and performance information on investment options
- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Develop Plan Investment Committee Charter, as needed
- Fiduciary due diligence assistance
- Attendance at Plan Committee and other meetings
- Annual Fiduciary Plan Review
- Fiduciary education services to Plan Committee
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services

## ***ERISA Fiduciary Services***

When delivering ERISA fiduciary services, we will perform those services for the retirement plan as a fiduciary under ERISA Section 3(21)(A)(ii) 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. In our capacity as a 3(21) plan fiduciary, we will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time

periods and using various cash flows to assist the plan sponsor in determining the appropriate model(s) investment(s) for the retirement plan.

We also encourage plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations. We will apply any guidelines our client supplies, as directed, however, compliance with these restrictions or guidelines, is our client's responsibility.

### *Plan Structure*

We will assist our client in evaluating the current plan's structure to determine if a change in the design of the plan better suits the needs of plan participants. We will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. However, we will not draft any amendments as an attorney or a TPA will need to perform this service.

### *Investment Committee*

We will assist you in the establishment of the Investment Committee (if a Committee is deemed appropriate) and the establishment of a formal investment committee charter, delineating committee responsibilities and fiduciary roles. We will also serve on the Committee in a non-fiduciary capacity if needed.

The Investment Committee may be charged with the fiduciary responsibility of the prudent management of the investment portfolio, selecting and retaining professional advisors to the portfolio including investment managers, investment consultants, custodians, attorneys, and clerical staff, and the establishment, execution, and interpretation of an Investment Policy Statement for the portfolio. We will assist the Investment Committee in meeting the committee's responsibilities according to the investment committee charter, and fulfilling its fiduciary duty to the plan, including their review of service providers, third-party administration firms, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to other alternatives that are available to the client.

### *Investment Policy Service*

D&W's Investment Policy Service is designed to assist you in creating a written investment policy statement ("IPS") to document the plan's investment goals and objectives as well as certain policies governing the investment of assets. The IPS also identifies an investment strategy that seeks to attain the plan's goals. The service is generally designed for corporate retirement plans that are managed on a non-discretionary basis.

We will assist the Investment Committee with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the plan's assets. We will prepare a draft of the IPS based upon information furnished by you and your firm designed to profile various factors for the account such as investment objectives, risk tolerances, projected cash flow, and demographics of your retirement plan participants. It is the client's responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. We recommend that your professional

advisors, such as an attorney, actuary, and/or accountant, also review the IPS. The review and acceptance of the IPS is the responsibility of the plan fiduciary and your retirement program's governing entity.

Upon client's final approval, the IPS is ready to be sent to client's Investment Committee. It is client's responsibility to confirm the Investment Committee's acceptance of the IPS, and it is the Investment Committee's responsibility to adhere to the IPS in managing the retirement program. We encourage you to review accounts periodically to verify investment committee's compliance with the IPS.

The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short term changes in market conditions or the economic environment.

### ***Investment Selection, Monitoring, and Replacement***

We will conduct research to determine allocations and to project potential ranges of returns and market values over various time periods and using various cash flows. As the financial advisor to the Plan, we will assist the Investment Committee in selecting the non-managed investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. We have the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced. The plan sponsor has the responsibility and authority to make the final decision regarding what investments to include in the model portfolio and when to add or exclude a specific security.

It is client's responsibility to select the final mix and to determine whether to implement any strategy. We also encourage you to consult with your other professional advisors since D&W does not provide tax or legal advice that may affect asset classes or allocations used in the modeling. We will apply guidelines you supply, as directed; however, compliance with these restrictions or guidelines is client's responsibility.

We will also monitor the current non-managed investment line up including the investment's performance, performance compared to an applicable benchmark index, fees, management changes, style and fundamental investment strategy changes, and fund composition to determine if an investment no longer meets the criterion defined in the Investment Policy Statement. If the Investment Committee

determines that a fund no longer meets the IPS criterion, we will advise the Investment Committee on possible alternatives and assist in the selection of a replacement investment.

If you decide to implement any of the firm's recommendations, we will help you open a custodial account(s) for the plan. The funds in this account will generally be held in a separate account, in the plan's name, at an independent custodian, not with us. We use Charles Schwab as our custodian. The identity of your custodian will be communicated to you before the account is opened. The custodian will effect transactions, deliver securities, make payments, etc. You will at all times maintain full and complete ownership rights to all assets held in the account for the benefit of the plan participants.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### ***Participant Meetings***

We will conduct plan participant meetings when a change is made either to the structure of the plan or if the investment lineup changes as a result of the decisions of the Investment Committee. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants may make changes to their investment selections, and will answer any and all questions a participant may have. We will review with the participants how to select the investments.

### ***Reporting***

We will send an annual performance report detailing the overall performance of the plan's assets and a detailed list of the investment holdings.

### ***Other Services***

We also offer consulting services for non-investment related matters.

### ***Assets Under Management***

As of December 31, 2023, Davis & Wehrle, LLC ("Firm") had \$ 35,832,891 and 97 accounts under management on a discretionary basis and \$18,427,197 in retirement plan assets under advisement.

## **Item 5: Fees and Compensation**

We provide our investment supervisory and financial planning/consulting services for a fee. No fee shall be based upon capital gains or upon capital appreciation of assets. Fees are generally negotiable and are paid according to the final Asset Management Agreement executed between Davis & Wehrle, LLC and the Client. Clients are advised that in addition to paying our firm's fees, the client shall also bear a proportionate amount of the operating expenses of the various funds in which they are invested, including management fees that are paid to the funds' advisers. This is known as "layering of fees".

## Asset Management Fees

We have no minimum account opening balance requirement. We currently provide our asset management services in investment programs that bundle or “wrap” services (investment advice, trade execution, custody, etc.) together and charge a single fee based on the value of assets under management. The fee charged is based upon the amount of money you invest. Multiple accounts of immediately-related family members, at the same mailing address, may be considered one consolidated account for billing purposes.

Fees are charged monthly or quarterly in advance. Your advisory agreement will detail the frequency with which our fee will be assessed. If client and Firm agree to charge our fees monthly, payment is due and will be assessed on the first business day of each month, based on the average daily balance of the prior month. If client and Firm agree to charge our fees quarterly, payment is due and will be assessed on the first business day of the new quarter, based on the average daily balance of the prior quarter. With respect to investment supervisory services, Firm’s fee shall be as follows:

Account Value	Annual Advisory Fee
<b>\$0 - \$50,000</b>	2.25%
<b>\$50,001 - \$100,000</b>	2.00%
<b>\$100,001 - \$250,000</b>	1.75%
<b>\$250,001 - \$500,000</b>	1.50%
<b>\$500,001 - \$1,000,000</b>	1.25%
<b>\$1,000,001 - \$5,000,000</b>	1.15%
<b>\$5,000,001 and Above</b>	1.00%

The fees shown above are annual fees and may be negotiable based upon certain circumstances. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs. The Advisory Agreement will continue in effect until terminated by either party with a thirty-day written notice to the other party, in person or by mail to the address of record. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you.

You will authorize the custodian to directly debit fees from your account held at the custodian and to pay us. You will be provided with a quarterly statement reflecting deduction of the advisory fees.

By participating in a wrap fee program, Clients may end up paying more or less than they would through a non-wrap fee program. The relative cost of the program includes trade execution costs that would typically be passed directly through to the Client by the executing broker. Clients could invest in debt and equities directly, without the Adviser's services. In that case, Clients would not receive the services provided by the Adviser which are designed, among other things, to assist in determining which funds are appropriate for the portfolio and the Client's Account.

In our wrap fee program, we include all trade charges for your account; however, our fees do not include other related costs and expenses. You may incur certain charges imposed by custodians, and other third parties. These include custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

Since the Adviser does not charge Clients fees based on trading activity, the Adviser may have an incentive to limit trading activities in Client account(s) because the Adviser is charged for executing trades. In addition, the amount of compensation received by the Adviser may be more than what the Adviser would receive if the Client paid separately ("unbundled") for investment advice, brokerage, and other services. Therefore, the Adviser may have a financial incentive to recommend the wrap fee program over other programs or services. The Adviser monitors all Client accounts to ensure that the Adviser's fiduciary duty is met for all Clients. Any breaches of the Adviser's fiduciary duty are noted and appropriate repercussions are initiated to deter such behavior.

If the Wrap Fee Brochure is not delivered to the Client at least 48 hours prior to entering into the management agreement, the Client may terminate the agreement for services within five business days of execution without penalty. After the five-day period, either party, upon 30 days written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the month in which the cancellation notice was given and any unearned fees will be returned to the client via check.

### **Financial Planning/Consulting Fixed and Hourly Fees**

With respect to financial planning fees, Firm shall charge an hourly fee ranging from \$150.00 per hour to \$225.00 per hour or a flat fee ranging between \$1,750.00 to \$15,000.00. The financial planning fee charged to the client will vary depending on the facts and circumstances surrounding the client's needs and depending upon the anticipated complexity of the client's needs. Additional expenses realized outside the scope of any financial planning contract may be billed at an additional cost. A deposit of 50% of the fee is due at the time the agreement is signed. The remainder of the fee is due upon presentation of an investment plan or the rendering of consulting services. Investment plans will be presented to you within 90 days of the contract date, provided that all information needed to prepare the investment plan has been promptly provided to us. Depending upon the complexity of the client's circumstances, we may offer financial planning services to an asset management client, for no additional fee.

With respect to financial consulting fees, Firm shall charge an hourly fee ranging from \$150.00 per hour to \$225.00 per hour or a flat fee ranging between \$1,750.00 to \$15,000.00. Hourly fees and flat fees will be charged monthly, quarterly, semiannually or annually, in advance. Clients who engage us for asset management services will not be charged an additional fee solely for Investment Portfolio Monitoring services. Depending upon the complexity of the client's circumstances, we may offer financial consulting services to an asset management client, for no additional fee. The financial consulting fee charged to the client will vary depending on the facts and circumstances surrounding the client's needs and depending upon the anticipated complexity of the client's needs. Additional expenses realized outside the scope of any financial consulting contract may be billed at an additional cost.

In all cases, the Client may terminate the agreement at any time, for any reason, and prepaid fees will be refunded on a pro-rated basis. For a refund of prorated fees, D&W will need to have written authorization from the Client that the agreement is terminated.

We do not accept prepayment of more than \$500 in fees per client, six months or more in advance. The financial planning agreement will terminate once you receive the final plan. The Financial Planning/Consulting Agreement will show the fee you will pay.

If the plan is implemented through us, we may receive compensation from the sale of insurance products or advisory services recommended in the financial plan. This compensation would be in addition to the financial planning fee you pay. The fees and expenses you pay for the purchase of these products may be more or less than the expenses you would pay should you decide to implement our recommendations through another investment advisory firm or broker-dealer and are typically determined by the broker-dealer or investment company sponsoring the product. Therefore, a conflict of interest may exist between our interests and your interests since we may recommend products that pay us compensation. We may have an

incentive to recommend particular products based upon the potential compensation rather than your needs. This potential conflict is addressed in our Code of Ethics.

Based upon your needs, we may also provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, major transaction analysis, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

### **Retirement Plan Services Fees**

D&W's standard fee includes establishing your Investment Policy Statement, reviewing your plan structure, investment management, investment selection and monitoring, fund changes, participant education and reporting. Advisory fees for the plan are paid to us by the plan, or directly from the plan sponsor, or in some cases a combination of both. These fees are generally collected by the plan record keeper or vendor and paid directly to our firm. For initial and subsequent years, the fee paid for our services will be up to 0.35% of the assets under management, up to \$250.00 an hour, or a flat fee of up to \$75,000.00. If the Fees are a percentage of assets, they shall be paid in arrears based on the market value of the assets under management at the end of each calendar quarter and shall be prorated for partial quarterly periods. These fees include services as an ERISA section 3(21) fiduciary with respect to client's plan. Pursuant to the authorization letter in the form attached to The Retirement Plan Advisory Agreement as Appendix IV, the client will authorize the Plan's recordkeeper (or other custodian of the Plan's assets) to remit the Fees directly to D&W from Plan assets. Fees shall be paid within ten (10) days after transmittal of an invoice by D&W to client (with a copy to the recordkeeper or other custodian as appropriate). Notwithstanding any obligation of client to pay Fees, any Fees remaining unpaid after thirty (30) days from the date of invoice shall be due and payable immediately by the Plan.

The timing of fees paid is generally at the beginning of the upcoming month, based upon asset levels at the end of the preceding month. D&W's advisory agreement with each plan sponsor outlines the amount of the fee, the timing of fees collected and the process of fee remittal to our firm.

### **Other Compensation**

Mark E. Wehrle may recommend and sell life, disability, health, and long-term care insurance and will receive the usual and customary commissions in addition to any agreed upon advisory fee.



Mark E. Wehrle may receive additional compensation from sales of insurance products. Mark E. Wehrle may be eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that he recommends.

While Mark E. Wehrle endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect his judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that clients may purchase recommended insurance products from other insurance agents not affiliated with us.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

We do not offer performance-based fees. Performance-based fees are based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

We provide portfolio management services to individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

Our primary methods of investment analysis are fundamental and technical analysis.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical analysis** involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of

accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Investment strategies shall be long term purchases (securities held more than a year), short term purchases (securities sold within a year) and trading (securities sold within 30 days).

### **Material Risks Involved**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. **Investing in securities involves a risk of loss that you should be prepared to bear.** Client understands that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable, or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time-to-time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

**Insurance Product Risk:** The rate of return on variable insurance products is not stable, but varies with the stock, bond and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand all of its terms. Carefully read the prospectus. Some of the major risks include:

- **Liquidity and Early Withdrawal Risk** – There may be a surrender charges for withdrawals within a specified period, which can be as long as six to eight years. Any withdrawals before a client reaches the age of 59 ½ are generally subject to a 10 percent income tax penalty in addition to any gain being taxed as ordinary income.
- **Sales and Surrender Charges** – Asset-based sales charges or surrender charges. These charges normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at 7 percent in the first year and decline by 1 percent per year until it reaches zero.
- **Fees and Expenses** – There are a variety of fees and expenses which can reach 2% and more such as:
  - o Mortality and expense risk charges
  - o Administrative fees

- o Underlying fund expenses
- o Charges for any special features or riders.
- Bonus Credits – Some products offer bonus credits that can add a specified percentage to the amount invested ranging from 1 percent to 5 percent for each premium payment. Bonus credits, however, are usually not free. In order to fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.
- Guarantees – Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the insurance company that gives them.
- Market Risk – The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk – The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by

interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

## **Item 9: Disciplinary Information**

### **Criminal or Civil Actions**

Davis & Wehrle, LLC and its management have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Davis & Wehrle, LLC and its management have not been involved in administrative enforcement proceedings.

### **Self-Regulatory Organization Enforcement Proceedings**

Davis & Wehrle, LLC and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Davis & Wehrle, LLC or the integrity of its management.

## **Item 10: Other Financial Industry Activities and Affiliations**

No employee is registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No employee is registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Davis & Wehrle, LLC does not have any related parties. As a result, we do not have a relationship with any related parties.

### **Other Financial Industry Affiliations**

Managing Member Mark E. Wehrle, is a licensed insurance agent/broker with various companies. The sale of these products accounts for less than 10% of his time.

Mark E. Wehrle may recommend insurance products and may also, as an independent insurance agent, sell those recommended insurance products to clients. When such recommendations or sales are made, a conflict of interest exists as insurance licensed IARs earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that clients may purchase recommended insurance products from other insurance agents not affiliated with us.

### **Recommendations or Selections of Other Investment Advisers**

Davis & Wehrle, LLC refers clients to other investment advisers to manage their accounts. In such circumstances, Davis & Wehrle, LLC will receive a portion of the other investment adviser's asset management fee. This situation creates a conflict of interest. However, when deciding whether to refer clients to another investment adviser, the client's best interest and suitability of the other investment advisers will be the main factors determining factors of Davis & Wehrle, LLC. This relationship is disclosed to the client at the commencement of the advisory relationship. These compensation arrangements present a conflict of interest because Davis & Wehrle, LLC has a financial incentive to recommend the services of the other investment advisers. You are not obligated, contractually or otherwise, to use the services of any other

investment advisers we recommend. Additionally, Davis & Wehrle, LLC will only recommend another investment adviser who is properly licensed or registered as an investment adviser.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Davis & Wehrle, LLC has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of Firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

In the unlikely event that the interests of Firm's account would happen to correspond with an advisory client's interests, full disclosure would be made to such client at once.

It is further noted that Firm is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Firm has adopted a firm-wide policy statement outlining insider trading compliance by Firm and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Firm and has been signed and dated by each such person. A copy of such firm-wide policy is left with such person and the original is maintained in a master file. Further, Firm has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm-wide policy. These materials are also distributed to all associated persons and other employees of Firm, are signed, dated and filed with the insider trading compliance materials. There are provisions adopted for:

- 1) restricting access to files
- 2) providing continuing education
- 3) restricting and/or monitoring trading on those securities of which Firm's employees may have nonpublic information
- 4) requiring all of Firm's employees to conduct their trading through a specified broker or reporting all transactions promptly to Firm
- 5) monitoring the securities trading of the firm and its employees and associated persons.

It is the express policy of Firm that no person employed by Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory client, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

Firm or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, Firm has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of Firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Firm shall prefer his or her own interest to that of the advisory client.
- 2) Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. Kevin Tucker Davis reviews these holdings on a regular basis.
- 3) Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above restrictions and requirements may be subject to termination.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker-Dealers**

Davis & Wehrle, LLC does not have any affiliation with broker-dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by Firm.

#### **1. Research and Other Soft-Dollar Benefits**

Firm may receive certain "soft dollar benefits" from non-clients in conjunction with providing investment advice to clients. Custodians and other third party managers may provide us with certain research products and services that qualify as "research services" under the rules. These research products and/or services will assist the investment adviser representative ("IAR") in its investment decision making process.

There may be other benefits from recommending a particular custodian or other third party managers such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.



Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom Firm may contract directly. Firm may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

Soft dollar benefits may be proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

## **2. Economic Benefits**

The final decision to custody assets with Schwab is at the discretion of the Adviser's clients. D&W is independently owned and operated and not affiliated with Schwab. Schwab provides D&W with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services.

For D&W client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to D&W other products and services that benefit D&W but may not benefit its clients' accounts. These benefits may include national, regional or D&W specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of D&W by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist D&W in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of D&W's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of D&W's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to D&W

other services intended to help D&W manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to D&W by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to D&W. While, as a fiduciary, D&W endeavors to act in its clients' best interests, D&W's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to D&W of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **3. Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **4. Clients Directing Which Broker/Dealer/Custodian to Use**

We do recommend a specific custodian for clients to use and clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transactions and this may result in clients paying a higher fee than they otherwise would by using a lower-cost custodian.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Outside managers used by Firm may block client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

## **Item 13: Review of Accounts**

Reviews are conducted at least semi-annually and annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer and Managing Member Kevin T. Davis. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

## **Item 14: Client Referrals and Other Compensation**

We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

## **Item 15: Custody**

Firm does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

Firm may exercise discretionary authority on behalf of certain asset management clients. In those instances, a "Limited Power of Attorney" shall be executed by the advisory client who provides limited discretionary trading authority to Firm. As a result of this arrangement, Firm may determine, without first obtaining client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set.

## **Item 17: Voting Client Securities**

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## **Item 18: Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.

## **Item 19: Requirements for State Registered Advisers**

### **Principals**

There are two principals of D&W, CCO & Managing Member, Kevin T. Davis and Managing Member, Mark E. Wehrle. Their education information, business background, and other business activities can be found in their Form ADV Part 2B Brochure Supplement.

### **Performance Fees**

We do not charge a performance-based fee (fees based on a share of capital gains on, or capital appreciation of, the assets of a client) for our asset management accounts.

### **Disclosable Events**

Neither D&W, nor any of its IARs have any reportable events to disclose here.

### **Other Relationships**

Neither D&W, nor any of its IARs have any relationship with any issuer of securities.