

# Douglass Winthrop Advisors, LLC

## Part 2A of Form ADV

### The Brochure

521 Fifth Avenue, 19<sup>nd</sup> Floor  
New York, New York 10175  
[www.douglasswinthrop.com](http://www.douglasswinthrop.com)

Updated: March 28, 2022

This brochure provides information about the qualifications and business practices of Douglass Winthrop Advisors, LLC (“DWA” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 212-557-7680 or [info@douglasswinthrop.com](mailto:info@douglasswinthrop.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.

DWA is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about DWA is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2- Material Changes

DWA is required to provide a summary of any material changes made to this Form ADV Part 2A in connection with its annual updating amendment.

Since DWA's last annual filing in March 31, 2021, the Firm is reporting the following material changes:

Item 4- On September 13, 2021, Kudu Investment US, LLC, a Delaware limited liability company, acquired a passive, non-controlling minority stake in DWA.

Item 4- DWA is an ERISA fiduciary when advising retirement asset rollovers pursuant to the Department of Labor Fiduciary Rule that went into effect on January 31, 2022..

## ITEM 3- Table of Contents

|  |    |
|--|----|
| Material Changes .....   | 2  |
| Table of Contents .....  | 2  |
| Advisory Business .....  | 2  |
| Fees and Compensation .....  | 3  |
| Performance Based Fees and Side-by-Side Management .....                                   | 4  |
| Types of Clients .....   | 4  |
| Methods of Analysis, Investment Strategies and Risk of Loss .....                          | 4  |
| Disciplinary Information .....   | 8  |
| Other Financial Industry Activities and Affiliations .....                                 | 8  |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 8  |
| Brokerage Practices .....  | 9  |
| Review of Accounts.....  | 11 |
| Client Referrals and Other Compensation.....   | 11 |
| Custody .....  | 11 |
| Investment Discretion.....   | 12 |
| Voting Client Securities .....   | 12 |
| Financial Information .....  | 13 |

## ITEM 4- Advisory Business

DWA was founded in 1999 and is currently owned by its principals and a small group of outside investors. Robert R. Douglass, Jr., John Winthrop, Jr. and Lea Paine Hight each own more than 5% (but less than 20%) of the firm. On September 13, 2021, Kudu Investment US, LLC, a Delaware limited liability company, acquired a passive, non-controlling minority stake in DWA. DWA does not believe that this ownership interest presents a material conflict of interest with any Client.

DWA provides customized investment management services primarily to individuals, high-net-worth individuals, families, trusts, endowments and institutions herein referred to each as a "client" and collectively the "clients". As a fiduciary, DWA acts in the clients' best

interest and fulfills its obligation by working closely with clients to identify and understand their investment objectives while building a long-term relationship. In addition, DWA has adopted policies and procedures designed to comply with the ERISA fiduciary standards when advising retirement asset rollovers as set forth in the Department of Labor Fiduciary Rule.

DWA manages client assets in individually managed accounts. An individually managed account is a dedicated account owned by a client and governed through an investment management agreement (“**IMA**”) between the client and DWA. DWA works with each client to establish an appropriate investment strategy based on the client investment objectives, risk tolerance investment guidelines. Clients choose from all-equity and balanced strategies and can impose reasonable restrictions on DWA’s management of their accounts.

While DWA has broad discretion to select investments, DWA generally invests client assets in domestic and international stocks. Where appropriate, fixed income allocations typically include investment grade corporate, U.S. Government and municipal bonds.

Equities are typically managed in line with either the DWA Equity Strategy or the DWA Environment Strategy. (Item 8 below has a more detailed explanation of the Firm’s investment strategies.) Each account is managed by a dedicated Portfolio Manager. While equity selection in both strategies are informed by the respective Investment Committee and Portfolio Management Committee of each strategy, the dedicated Portfolio Manager has latitude to stray from the respective list based on each client’s unique circumstance, taking into account a client’s legacy positions, sensitivity to taxes, risk tolerance, investment time horizon and other relevant factors.

DWA does not participate in a wrap program.

As of December 31, 2021, DWA had total regulatory assets under management of \$5,022,369,187 of which \$4,999,883,819 was managed on a discretionary basis on behalf of approximately 1,183 clients and \$22,485,368 was managed on a non-discretionary basis on behalf of 3 clients.

## **ITEM 5- Fees and Compensation**

Compensation to DWA for individually managed accounts is negotiable and will vary, but typically consists of a percentage of assets under management. Percentage fees for assets under management are generally up to 1.25%. Institutional accounts, which are subject to higher minimums and are managed according to a model portfolio, are charged 0.85% for the first \$25 million dollars and 0.70% on assets above that level.

DWA in its discretion may waive or negotiate fees for certain clients, such as employees’ family members.

For most clients, DWA charges fees quarterly in arrears based on the account value at the end of that quarter. For some clients where it has been a primary provision of their

investment management agreement with another investment manager, DWA charges fees quarterly in advance, based on the account value at the beginning of the quarter. Most clients authorize DWA to deduct fees automatically from their custodial accounts, but clients may request that DWA send quarterly invoices to be paid by check.

For clients that pay management fees in arrears, if a client terminates the investment management agreement with DWA in the middle of a billing period, DWA will invoice the client for an amount that is pro-rated based on the number of days that the account was managed. For clients that pay management fees in advance, if a client terminates the investment management agreement with DWA in the middle of a billing period, DWA will refund the client the difference between the management fee paid and the pro-rated fee earned based on the number of days during the quarter that the account was managed.

In addition to DWA's investment management fees, clients bear trading costs and custodial fees that may include brokerage commissions, transaction fees, odd lot differential fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **ITEM 6- Performance Based Fees and Side-by-Side Management**

DWA does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures and schedules. To mitigate such conflicts of interest, DWA generally aggregates client trades together and allocates trades regardless of clients' fee structures and schedules. In keeping with DWA's fiduciary duty, DWA will not incentivize one client to the detriment of another.

## **ITEM 7- Types of Clients**

DWA primarily provides customized investment management services to individuals, high-net-worth individuals, families, trusts, endowments and institutions. DWA's minimum account size is generally \$1 million.

For Institutional clients the minimum account size is generally \$5 million; however, this amount is negotiable.

## **ITEM 8- Methods of Analysis, Investment Strategies and Risk of Loss**

DWA manages both all-equity and balanced portfolios. Balanced portfolios consist of equities and fixed-income securities. The specific mix is determined by the Portfolio Manager in consultation with the client and may be shaped by such factors as the client's

investment objectives, tolerance for risk, income requirements, written investment policy or other factors considered relevant.

With regard to the equity component, clients may choose from the DWA Equity Strategy or the DWA Environment Strategy. In either case, the DWA Portfolio Manager assigned to the portfolio will typically select equities from the “Approved to Buy” list for that strategy. Not every equity portfolio will adhere strictly to either strategy. Portfolio Managers have discretion to adjust the weights of the individual securities in the portfolio, including down to zero, if they believe it is in the best interest of the client. Portfolio Managers may elect to leave previously owned (legacy) securities in a client’s portfolio to minimize tax consequences or for other reasons. Portfolio Managers are permitted to buy other securities not on the Approved to Buy list at the client’s direction. In general, Institutional accounts and non-taxable accounts adhere more closely to a model portfolio based on securities on the respective Approved to Buy lists, but weightings in these accounts may vary based on market timing.

DWA primarily invests in stocks and bonds for relatively long time horizons, typically for a year or more. However, sometimes market developments or changes in an issuer’s fundamental prospects could cause DWA to sell securities more quickly.

### **DWA Equity Strategy**

The DWA Equity Strategy Investment Committee consists of its seven Portfolio Managers and five research and trading team members. Stock selection and target weightings are determined by the Portfolio Management Committee, whose members are Bryce O’Brien, Charlie Howard and Jay Winthrop. The Investment Committee works together to conduct fundamental analysis on all stocks recommended for client accounts. This analysis adheres to a five-filter methodology which includes a review of:

- The issuer’s management;
- The issuer’s financial strength and flexibility;
- The issuer’s competitive position within their industry;
- The issuer’s opportunities for reinvestment
- The security’s valuation; and
- Any other factors considered relevant.

The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients’ existing holdings and sector exposures.

### **DWA Environment Strategy**

DWA offers clients an Environment Strategy which adheres to the five-filter stock selection criteria embedded in the DWA Equity Strategy research process, while adding a sixth filter reflecting a company's ability to create value based on prudent navigation of secular environmental trends. The DWA Environment Strategy offers a specialized domain expertise to identify companies that feature best-in-class environmental leadership or derive a substantial and growing proportion of revenues from products that meet intensifying environmental challenges. We seek leaders on factors material to long-term value creation ranging from transparent performance on environmental costs and risks in their supply chains to revenue upside from meeting customers' changing expectations regarding sustainability. Environmental challenges include physical, regulatory and transition risks imposed by climate change. The Environment Strategy has its own Portfolio Management Committee, which consists of Josh Huffard, Bowdy Train, and Dan Abbasi.

### **Fixed Income Securities**

Fixed-income investments include U.S. government, municipal and corporate bonds. Purchases are made by individual Portfolio Managers in consultation with clients and are based upon each client's specific needs and guidelines. Portfolio managers consult with the research and trading teams with the aim of achieving the best risk-adjusted returns within the client's guidelines. When evaluating a U.S. government bond, the Portfolio Manager generally considers such factors as its maturity date, yield and any other factors considered relevant. When evaluating a municipal bond, the Portfolio Manager generally considers such factors as the credit-worthiness of the issuer as judged by independent ratings agencies, the source of revenue to pay interest and principal to bondholders, maturity date, yield, liquidity and any other factors considered relevant. When evaluating a corporate bond, the Portfolio Manager generally considers such factors as the credit-worthiness of the issuer as judged by independent ratings agencies, the issuer's financial statements, prospects for the issuer's industry as well as the issuer's competitive position within that industry, maturity date, yield, liquidity and any other factors considered relevant.

### **Other Securities**

As an accommodation to clients, DWA may hold shares of open-end and closed-end mutual funds ("mutual funds") and exchange-traded funds ("ETFs"). Mutual fund and ETF transactions are done by individual Portfolio Managers in consultation with clients and are typically in response to the client's desire to have more concentrated exposure to a given asset class, sector or geographic area than can be achieved through the selection of individual securities. When evaluating a mutual fund or ETF for a client, the Portfolio Manager considers its historical risk and return characteristics, the tenure and qualifications of its portfolio management team, the concentration and volatility of its holdings, its fee structure, its liquidity and any other factors considered relevant. Mutual funds and ETFs typically charge shareholders management fees and other expenses in addition to the fees charged by DWA.

### ***Summary of Material Risks***

Investing involves risks and there can be no assurance that the investment objective of our clients will be achieved, or that clients will not incur losses. The risks described below are

not meant to be a comprehensive collection of all risks clients will face. Each client is also encouraged to consult with DWA to review the specific risks of the assets in the client's account from time to time.

### **Equity Securities**

Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions. The value of a company's share price could decline as a result of poor decisions made by management, lower demand for the company's services or products or if the company's revenues fall short of expectations. There are also risks associated with the stock market overall; in particular, the stock market may experience periods of turbulence and instability.

### **Fixed Income Securities**

Fixed income or debt securities have varying levels of sensitivity to changes in interest rates. In general, the price of a fixed income security will fall when interest rates rise and rise when interest rates fall. Securities with longer maturities will be more sensitive to interest rate changes. Many types of fixed income securities, such as some types of mortgage-backed securities are also subject to prepayment risk. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. Below-investment-grade fixed income securities are generally subject to greater credit risk than investment-grade securities. Many below-investment-grade fixed income securities are also less liquid than investment-grade securities and could be subject to greater volatility.

### **Exchange Traded Funds**

Exchange Traded Funds are typically designed to represent a fixed portfolio of securities that is intended to track a particular market index. The risks associated with investing in ETFs generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in an ETF being more volatile than the particular market index it intends to track. ETFs also have separate management fees and expenses which a Client will bear through its investment in the underlying ETF.

### **Environment Strategy Risks**

By investing with a focus on environment-impact companies, the Environment Strategy portfolio may forego otherwise attractive investment opportunities or may increase or decrease the fund's exposure to certain types of companies and, therefore, to possibly underperform other portfolios that do not invest with a similar focus.

### **Operational Risk**

Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. DWA maintains controls to mitigate operational risk, including systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities.

## **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, supply-chain disruptions, economic sanctions, political and diplomatic events and trends, tax laws and other factors, can substantially and adversely affect the investment performance of a client's account. Economic, political and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where DWA's client assets are invested may result in adverse consequences to such clients' portfolios. None of these conditions is or will be within the control of DWA, and no assurances can be given that DWA will anticipate these developments.

## **Business Continuity Risks**

DWA's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disasters, terrorist attacks or other circumstances resulting in property damage, network interruption or prolonged power outages. Although DWA has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on DWA and clients' investments.

## **Pandemic Outbreak**

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including DWA's business. Such an event may adversely affect the performance of the global economy, and may cause market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work from remote locations, and extensive medical absences. DWA has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect DWA's business and/or the markets can be determined and addressed in advance. During the recent COVID-19 outbreak, DWA's Business Continuity Plan allowed DWA's personnel to work remotely without interruption to DWA's investment management or client service. This incident response may not be representative of future incident conditions.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investments in securities and other financial investments involve substantial risk of volatility arising from numerous factors that are beyond the control of DWA, including market conditions, changing domestic or international economic or political conditions, changes in tax laws and government regulation and other factors.

## **ITEM 9- Disciplinary Information**

DWA and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

## **ITEM 10- Other Financial Industry Activities and Affiliations**

DWA maintains a relationship with Salisbury Bank and Trust Company under which DWA provides investment advisory services on a discretionary basis for account portfolios designated by the company.

As stated in Item 4, Kudu Investment US, LLC ("Kudu"), a Delaware limited liability company, acquired a passive, non-controlling minority stake in DWA. Kudu has no influence or information on the day-to-day management of DWA.

As disclosed in Part 2B of our ADV, Josh Huffard is a manager of Consor Capital, LLC, the General Partner of Consor Capital II, LP and is entitled to a carried interest in any profits earned by the LP. Consor Capital, LLC, is a venture capital firm focusing on early-stage companies serving consumers and small businesses. DWA does not invest in, nor are clients offered interests in any of the aforementioned investments.

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

DWA has adopted a written Code of Ethics that is applicable to all employees. Among other things, the code requires DWA and its employees to act in clients' best interests, abide by all applicable regulations, and pre-clear and report on many types of personal securities transactions. DWA's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of DWA's Code of Ethics is available upon request.

DWA's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to similarly situated clients and pay their share of any transaction costs. We believe this helps align our interests with our clients'. Any proposed employee transaction involving reportable securities such as stocks, bonds and ETFs requires preclearance from the Compliance Department. No employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

DWA maintains a watch list of publicly traded securities about which a client or relative of an employee may have access to material non-public information. Any proposed employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance if any DWA employee possesses such information.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients.

## **ITEM 12- Brokerage Practices**

While DWA has the ability to manage client assets held at a variety of custodians, when asked by a prospective client we recommend that they arrange for their assets to be held in custody at Pershing, BNY Mellon, Fiduciary Trust International or Charles Schwab. DWA believes these custodians offer good services at competitive prices.

### **Soft Dollar Benefits**

DWA has established a soft-dollar arrangement with certain executing brokers under which DWA receives a portion of the brokerage commissions paid to the executing broker in the form of soft-dollar credit for certain client trades. These soft-dollars are used to pay for investment research and brokerage services which are directly related to the firm's investment process, all of which are exempted by the Section 28(e) safe harbor.

Some of these products and services benefit clients whose accounts are held by other custodians, which could create a conflict of interest between the clients who are indirectly paying for the products and services and the clients who are not paying but may benefit from the investment research and brokerage services.

DWA also receives certain products and services from certain custodians free of charge or at discounted rates. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information; and
- Direct advisory fee debiting capabilities.

Custodians may also offer other services intended to help DWA manage its business and further develop our investment acumen by hosting select DWA Portfolio Managers and employees at various educational conferences and events.

DWA does not believe that clients whose accounts are held by these custodians bear any additional costs in connection with DWA's receipt of these products and services. However, DWA would not receive these products and services if client accounts were not held in custody and traded by these custodians. DWA's receipt of these products and services creates a potential conflict of interest in connection with DWA's recommendation of these custodians.

### **Selection of Trading Counterparties**

Consistent with its obligation to seek best execution for its clients, DWA will place trades with broker/dealers that provide the greatest total value to its clients under the circumstances. DWA can typically trade accounts held at a given custodian using other broker/dealers. However, a custodian may charge trade-away fees (or have other restrictions in place) that would outweigh any benefits from trading stocks with other brokers.

The availability and pricing of bonds varies more widely, so prior to placing a bond trade DWA typically evaluates the available inventory of bonds from brokers who are knowledgeable in the issues in which we are interested and selects bonds that meet our criteria for credit quality, maturity and price.

Some clients may specifically request that their accounts only be traded through a particular broker/dealer. DWA trades these accounts through the firm chosen by the client, which limits DWA's ability to seek best execution. Trading restrictions may result in materially higher trading costs and reduced returns.

### **Best Execution Reviews**

On at least an annual basis DWA's Trade Oversight Committee evaluates the pricing and services offered by our trading counterparties. DWA has sought to make a good-faith determination that our chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by DWA's receipt of products and services from these brokers.

### **Aggregated Trades**

DWA typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as or lower than what would be paid if they were trading individually. Employee trades may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders generally filled on a pro rata basis, but orders may be fully filled at DWA's discretion. DWA will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

### **Client Referrals**

DWA does not compensate any custodian or broker/dealer for referring client accounts.

## **ITEM 13- Review of Accounts**

Accounts under DWA's management are monitored on an ongoing basis by the Portfolio Manager. Periodically, the Compliance Department reviews a number of reports that are designed to identify accounts that are outside the expected ranges for returns. Reviews of

client accounts by Portfolio Managers will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. DWA supplements these custodial statements each quarter with reports provided to each client along with the firm's investment letter. DWA may provide additional reports during client meetings or as requested.

## **ITEM 14- Client Referrals and Other Compensation**

DWA pays a portion of its advisory fees to certain individuals who have executed referral agreements with DWA in connection with those individuals' referral of clients to DWA. Any clients referred to DWA by these agents receive detailed disclosure of the compensation arrangement. DWA complies with Rule 206 (4)-3, the Cash Solicitation Rule.

Other than the products and services that DWA receives from certain custodians and via soft dollar arrangements previously described in Item 12, DWA does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **ITEM 15- Custody**

Pursuant to Rule 206(4)-2, DWA is deemed to have custody of client account's funds and securities because (i) we may debit fees directly from the accounts of such clients and/or (ii) certain clients have executed a letter of instruction or similar asset transfer authorization arrangement with a qualified custodian whereby we are authorized to withdraw client funds or securities maintained with a qualified custodian upon our instruction to the qualified custodian (each, an "SLOA"). The terms of each such SLOA are consistent with the terms described in the February 21, 2017 letter of the Chief Counsel's Office of the Securities and Exchange Commission clarifying custody with respect to a standing letter of instruction or other similar asset transfer authorization arrangement established by a client with a qualified custodian.

The qualified custodian of each client account sends or makes available account statements directly to each client on at least a quarterly basis. We urge clients to carefully review these account statements from their qualified custodians and compare the information therein with any financial statements or information received from or made available to clients through DWA or any other outside vendor and contact DWA with any discrepancies.

All clients' accounts are held in custody by unaffiliated broker/dealers or banks. DWA employees may also serve as trustee for certain client accounts, and we are deemed to have custody of such accounts.

DWA reviews all client custody arrangements, and pursuant to Section 206(4)-2 of the Custody Rule, identifies client accounts subject to a surprise examination. DWA engages an independent accounting firm to perform a surprise examination on such client accounts where DWA is deemed to have custody on an annual basis as required by the Custody Rule. The independent accounting firm is required to file an ADV-E with the Securities and Exchange Commission within 120 days of the surprise exam documenting the results of such examination.

## **ITEM 16- Investment Discretion**

DWA has investment discretion over the majority of its client accounts. Clients grant DWA trading discretion through DWA's investment management agreement. As an accommodation, DWA has accepted a small number of non-discretionary accounts.

Clients can place reasonable restrictions on DWA's investment discretion. For example, some clients have asked DWA not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **ITEM 17- Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, DWA has adopted and implemented written policies and procedures governing the voting of client securities.

As a matter of policy, DWA does not vote proxies for its clients with the exception of certain "delegated" trusts, "directed" trusts and clients that contract with DWA where proxy voting has been a primary provision of their legacy investment management agreement with another investment manager. "Delegated" trusts are those where the corporate trustee (typically a bank) has delegated investment authority to DWA. "Directed" trusts are those where the Investment Committee of the trust selects DWA as the investment advisor. In addition, DWA is authorized to vote proxies for the majority of client accounts invested in the DWA Environment Strategy. DWA maintains a proxy voting policy for the DWA Environment Strategy. To help implement, track, manage and memorialize proxy voting for these clients, DWA has engaged an independent corporate governance consulting firm and proxy voting service.

A potential conflict of interest could arise if these clients owned a stock issued by a company for whom another DWA client serves as a director or officer. Certain DWA clients serve as directors or officers of public companies. DWA has not identified any material conflicts of interest in connection with past proxy votes. DWA will generally follow the voting recommendation of the independent corporate governance consulting firm that it has retained.

A copy of DWA's proxy voting policies and procedures, as well as specific information about how DWA has voted in the past, is available upon written request.

With regard to matters relating to class actions including, without limitation, matters relating to opting in or opting out of a class and approval of class settlements, DWA has historically not taken any action on behalf of clients. DWA offers clients an opportunity to have an independent firm that specializes in securities class action claim recovery to track and process claims on behalf of those DWA clients that have not elected not to utilize this service (to “opt-out”). This firm is paid a percentage of the claims successfully recovered. DWA does not receive any compensation for providing clients access to this service.

With regard to all matters (other than proxies and class actions) for which shareholder action is required or solicited with respect to securities beneficially held by the client’s account, such as bankruptcies or reorganizations, DWA affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and may not take any action with regard to such matters.

## **ITEM 18- Financial Information**

DWA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.