

DAVIDSON

WEALTH MANAGEMENT

of Wells Fargo Advisors

Annual Report December 2014

*You and your family matter to us. Your goals are profoundly personal and unique. They deserve the utmost care and attention in their pursuit. It is our privilege and mission to help you manage your financial life, liberating you, to turn your dreams into reality. With gratitude for the confidence you continue to place in us, we are pleased to provide our **Annual Report: The State of Davidson Wealth Management.***

About Davidson Wealth Management

Perhaps you are discovering us for the first time. If so:

- We are a team of nine wealth management professionals.
- We have over 160 years of collective experience.
- We help build, manage, protect and transition wealth for our clients.
- We provide comprehensive advice focusing on the four cornerstones of wealth management; investments, liability management, risk management, and financial legacies through our trust, estate and fiduciary services.
- The Envision[®] process is central to planning as it charts the course and monitors your progress.

Our Commitment to You: How We are Working to Improve

In order to grow and evolve as you do, we must also plan for the future of Davidson Wealth Management. In August, we spent significant time as a team dedicated to “doing it better for you.” We examined and assessed all aspects of our practice to determine if anything is missing; what our clients want more of; and what can we do better. Our multi-generational team collaborated and deliberated over process, service and personal improvements. We asked, “How do we build an enduring culture of wise advice and selfless service?” Our conclusions were clear and unanimous:

More and more clients are engaging with us to address the challenges and opportunities of retirement income planning. While we have extensive experience and training in this field, five of our associates are in the process of earning the Retirement Income Certified Professional[®] (RICP[®]) designation.

Continue to emphasize goals-based planning utilizing the *Envision* process. While short-term market conditions are unpredictable, developing, monitoring and adhering to your long-term plan is the best way we know of to help you succeed financially.

Communication remains critical. It’s easier than ever to access your account and other financial information with advances in technology, but you have told us you appreciate and still place great importance in the power of conversation. You want open, frank and respectful dialogue between us. We whole-heartedly agree. We resolve to be even more attuned in our listening, more clear and concise in our speech.

We’ve experienced an increase in clients seeking more assistance in managing their Liabilities. You want access to credit, when needed, for personal or business needs. We will continue to be focused on harnessing, for your benefit, the substantial credit and lending resources offered through Wells Fargo affiliates.

Recognition by our industry:

We strive to continue to deliver an experience we can be proud of and wanted to share some recent recognition with you. These achievements help us continue to improve our service, given all the unique and challenging financial situations you face. Although these awards are presented on an individual basis we view each award as an accomplishment of our entire team.

- Once again, BARRON'S, an independent investment magazine, recognized Chris Davis. He was noted as one of the top 1200 advisory practices in the U.S. and ranked 8th in NC among all financial advisors.¹
- Chris Davis was also named to the Financial Times Top 400 List.²
- Four of our team members, Chris Senvisky, Michael Davis, Celeste Renaldo, and Chris Davis, were selected as Five Star Wealth Managers as seen in Charlotte Magazine. This list honors an elite group of Charlotte area advisors, representing less than 7% of wealth managers in the area.³
- For the past six years, Chris Davis has contributed his ideas and insights as a member of Wells Fargo Advisor's Advisory Council to help make this a financial firm that always puts the clients' interests first.

Our Commitment to the Community

We will continue to dedicate ourselves to the heightened priorities of our clients while continuing our efforts to make a positive difference. During 2014, our team has supported through donation of time and money to organizations including Hospice, Ada Jenkins, Rotary International, Girls on the Run, United Methodist Foundation, Habitat for Humanity, Davidson Community Players and others. We work with so many of you on your own philanthropic goals and it is always a great lesson and inspiration to our team the impact we can all have in our community.

Financial Health of Davidson Wealth Management

It is critical that you know our practice is strong and enjoys the stability to make the investments necessary to continue to deliver a best in class client experience. As of October 1, we are pleased to report Davidson Wealth Management assets held at Wells Fargo Advisors totaled over \$520 million, up from \$472 million reported year-end 2013. The *Envision* process identifies an additional \$950 million in investment assets (such as your 401(k) investments held at your employer). This totals \$1.470 billion. (This does not include our advice to corporate 401(k) plans totaling an additional \$500 million.) We consider all of your assets when providing advice. These are *your* assets and they serve a purpose. It is a serious business for us. It is also inspiring. Thank you for the opportunity to serve. You and your family matter to us.

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- ¹ The Barron's rankings are based on data provided by thousands of advisors and financial services firms. Factors included in the rankings were assets under management, revenue produced for the firm, regulatory record, quality of practice and philanthropic work. Investment performance isn't an explicit component.
- ² Financial Times Top 400 advisors 2014 rankings are based on data provided by investment firms,. Factors include assets under management, experience, industry certifications and compliance record. Investment performance and financial advisor production are not explicit components
- ³ The Five Star Wealth Manager award, administered by Crescendo Business Services, LLC (dba Five Star Professional), is based on 10 objective criteria: 1. Credentialed as a registered investment adviser or a registered investment adviser representative; 2. Active as a credentialed professional in the financial services industry for a minimum of 5 years; 3. Favorable regulatory and complaint history review (unfavorable feedback may have been discovered through a check of complaints registered with a regulatory authority or complaints registered through Five Star Professional's consumer complaint process*); 4. Fulfilled their firm review based on internal standards; 5. Accepting new clients; 6. One-year client retention rate; 7. Five-year client retention rate; 8. Non-institutional discretionary and/or non-discretionary client assets administered; 9. Number of client households served; 10. Education and professional designations. Wealth managers do not pay a fee to be considered or awarded. Once awarded, wealth managers may purchase additional profile ad space or promotional products. The award methodology does not evaluate the quality of services provided and is not indicative of the winner's future performance. X,XXX [Market Name] wealth managers were considered for the award; XXX (X % of candidates) were named Five Star Wealth Managers. *To qualify as having a favorable regulatory and complaint history, the person cannot have: 1. been subject to a regulatory action that resulted in a suspended or revoked license, or payment of a fine, 2. had more than three customer complaints filed against them (settled or pending) with any regulatory authority or Five Star Professional's consumer complaint process, 3. individually contributed to a financial settlement of a customer complaint filed with a regulatory authority, 4. filed for bankruptcy, or 5. been convicted of a felony