DAVIDSON
WEALTH MANAGEMENT
of Wells Fargo Advisors

2013 Annual Report

We are pleased to provide you with our *Annual Report*. We are grateful for the confidence and trust you have placed in us as your financial partner. You have allowed Davidson Wealth Management to not only help you and your family achieve your goals, but also to dream and explore new opportunities.

Based on our ongoing evaluations, we believe you will agree that you have made progress towards your financial future. Your Envision® score benchmarks your success and leads the way. Your investment results contributed to your progress as they were competitive and strong across the board, based on the merits of a global asset allocation.

On balance, investors have recovered from the worst recession since the Great Depression and are making progress toward a promising future. We offer a short insight of context and perspective. Since the bottom of the market over 4 years ago (March 2009), U.S. stocks have moved higher in a highly correlated "package" due to Federal Reserve stimulus, known as Quantitative Easing (QE). Likewise, a strong U.S. Dollar created a headwind for commodities and international securities. This means that "thoughtful" investing has not kept up with some market indexes. Only recently have we seen days where one stock goes up and another goes down, based on their quarterly earnings (non-correlated). We expect this to continue in 2014, creating an environment, where active, "thoughtful" stock selection again trumps index "packages."

As you know, our wealth management process extends beyond asset management. In 2013 we helped you build strong balance sheets through both asset and liability management. We often referred you to lending services through our banking affiliates, resulting in debt restructurings. Income planning and risk management are standard in our wealth model. Meeting with us annually for these "wealth reviews" has been an important ingredient in your financial success - and your recognition of such.

Daily, we seek to apply diligence and discipline with service and selflessness. Chris Senvisky reminds us frequently of this quote; *"It is amazing what you can accomplish if you do not care who gets the credit."* (Harry S. Truman). While you may have a favorite person on our team, we see ourselves as a true team. As one client describes us "Davidson Wealth Management has a pit stop mentality. One member of the team is washing the windows while others are fueling up the car and changing the tires. All things are happening without even realizing it is going on." The only credit we desire is to see you successfully cross the finish line.

In 2013, as a demonstration of our dedication to a culture of service and excellence, we welcomed Cherie Almaraz and Anuj Mukherjee to our team. The unique skills and talents of Cherie and Anuj have been a perfect fit and complement to our practice. The collective spirit of our 8 member team, representing 153 years of experience, is an asset that produces for you.

Education breeds confidence and good decisions. As such, we held monthly conference calls and sent out notifications on subjects of interest. We refer you to our website, www.davidsonwealthmgt.com, for a review of these publications offering perspective and understanding.

Again in 2013, *BARRON'S*, an independent investment magazine, recognized us. We were noted as one of the top 1,000 advisory practices in the U.S. and ranked 9th in NC among all financial advisors[1]. As seen in Charlotte Magazine, 4 of our team members were selected as Five Star Wealth Managers.[2] This list honors an elite group of Charlotte area advisors, representing less than 7 percent of wealth managers in the area. Our practice was also considered in the top 1% of all Wells Fargo Advisors (over 15,000) for Best Practices. In addition, we have served 5 years on Wells Fargo Advisors eight-member Advisory Council soliciting new services, tools and improvements to better serve you. Our dedication to fee-based planning, asset management, and reliance on Envision® planning were noted as best practices.

As a fee-based advisory practice, our industry measures financial health in terms of assets under advisement. As of December 10, Davidson Wealth Management assets held at Wells Fargo Advisors totaled $472 million, up from $406 million reported in 2012. Envision®, our wealth analysis tool, identifies an additional $792 million in investment assets (such as your 401(k) plan) held outside of Wells Fargo Advisors. As holistic wealth managers, we take all assets into account in providing advice. This totals $1.264 billion. (This does not include our advice to corporate 401(k) plans totaling an additional $450 million.) Net asset growth is due to market appreciation, net new assets from existing and new clients, subtracted by withdrawals for retirement income, college funding, and balance sheet restructuring. These are *your* assets. Your money has a purpose. Our mission is to align your money to your life. It is a serious business for us.

Thank you for providing us the inspiration and the opportunity to be your financial partner.

"We help manage your family's financial life."

Chris

Christopher W. Davis, CFP®, CIMA®
Director – Investments

Chris

Christopher M. Senvisky, CFP®
Vice President – Financial Officer

Harriet

Harriet R. White, CRPC®
Financial Consultant

Celeste

Celeste I. Renaldo, MBA
Financial Consultant

Karen

Karen B. Kight
Financial Consultant

Michael

Michael C. Davis
Financial Advisor

Cherie

Cherie Almaraz
Sr. Registered Client Associate

Anuj

Anuj Mukherjee
Client Associate

1. The rankings are based on data provided by over 4,000 advisors. Factors included in the rankings were assets under management, revenue produced for the firm, quality of the practice, and other factors. Institutional assets are given less weight in the scoring. Investment performance isn't an explicit component.
2. 2013 Survey conducted by Five Star Professional, an independent third-party research firm, who received 1694 nominations among all wealth managers in the Charlotte area from peers or firms and evaluated the nominees based on 10 objective criteria including client retention rates, client assets administered, firm review and favorable regulatory and compliant history. 285 were name 2013 Five Star Wealth Managers with represents less than 7% of the total wealth managers in the area. The Five Star award is not indicative of the wealth manager's future performance. For more information: 222.fivestarprofessional.com/awards/five_star_award.php

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