

Annual Report
2012

2012 As we look forward to a New Year, we are pleased to provide you with our *Annual Report*. We sincerely thank all of you for the confidence and trust you have placed in us as your financial advisory team. You have allowed Davidson Wealth Management to play a role, not only in helping you and your family meet your goals, but also to dream and explore new opportunities.

Based on our evaluation as of November 30, we believe you will find your investment results were competitive across the board for the trailing 12 months, based on the merits of broad asset allocation, both strategic and dynamic. As wealth managers with a global perspective, we noted in meetings and conference calls that the strength of the US Dollar was a “headwind” for global investors and a “tailwind” for benchmarks, such as indices like the S&P 500.

We understand industry financial benchmarks can be distracting, when achieving your life goals is the real benchmark. We ask ourselves, “Is winning a race to the wrong destination better than making sure your financial compass is pointed ‘true north’ toward meaningful and purposeful goals?” For this reason, our wealth management reviews are “holistic;” meaning we review debts and liabilities, income and college planning, cash flow and savings, investment and issues unique to you and your family – all impacting your family’s financial life. We are pleased to report that the vast majority of our clients are closer to their goals today than a year ago.

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 in 2012 through our referrals. Income planning and risk management are standard in our wealth model.

In 2012, we held conference calls and sent out notifications on subjects of interest. Following a confluence of events in early August 2011, we responded with a position paper entitled, “*The Fork in the Road* (www.davidsonwealthmgt.com) – offering both a perspective of short-term understanding and long-term encouragement, as the mathematics of security analysis suggested to us promising future investment returns. The statistical data of our research continues to be encouraging and we frequently share why we believe investors will see better outcomes than the economy at large. We committed then, to “the fork in the road” and today remain encouraged about 2013 investment prospects.

Again in 2012, *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 11th in NC among all financial advisors¹. Our practice was also considered in the top 1% of all Wells Fargo Advisors (over 15,000). In addition, we have served four years on Wells Fargo Advisors eight-member Advisory Council soliciting new services on your behalf. Our dedication to fee-based planning, asset management, and reliance on Envision[®] planning were noted as best practices.

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Collectively, our 7 member team, representing 135 years of experience, is an asset that produces for you. Last year we collectively invested an estimated 300+ hours on advanced training and continuing education in order to bring you current, relevant solutions and to ultimately better serve you. For us, sleep is optional. Producing a worry-free sleep for you is our requirement.

Our business is solid. As a fee-based advisory practice, our industry measures financial health in terms of assets under advisement. As of October 31, assets held at Wells Fargo Advisors totaled \$406 million, up from \$364 million reported in 2011. Envision[®], our wealth analysis, identifies an additional \$871 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 \$1.277 billion. (This does not even include our advice to corporate 401(k) plans totaling an additional \$330 million.) Net asset growth is due to market appreciation, new assets from existing and new clients, subtracted by withdrawals for retirement income, college funding, balance sheet restructuring and clients helping their struggling family members. As expected, in the new Dodd-Frank world of banking regulations, our cost of doing business is also up. That said, we continue our pledge of “client advocacy” when pricing our services to you.

*“To those whom much is given, much is expected.”*² As John F. Kennedy reminds us, we have been given much, and are stewards and fiduciaries of much. Thus, we must be faithful to our call to serve outside of our daily work. In 2012, we made time to serve our community and communities of faith with both our time and financial resources. We are a long way from the Wall Street of the movies. Like you, we do our part for a better world today and tomorrow. Serving is core to our values and travels with us.

We will continue to rely not just on our core values, but on our true team commitment, diligence, experience and persistence to pay off again for you in 2013. Thank you for providing us the inspiration.

“We help manage your family’s financial life.”

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CRPC[®]
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Christopher M. Senvisky, CFP[®]
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We encourage you to visit our website – www.davidsonwealthmgt.com

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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. John F. Kennedy, *Uncommon Wisdom of John F. Kennedy: A Portrait in His own Words*. (Luke 12:48)