

DAVIDSON
WEALTH MANAGEMENT
of Wells Fargo Advisors

Annual Report
December, 2017

Davidson Wealth Management is again pleased to provide our annual accounting to you. We are grateful for our relationship with you and the confidence you have placed in us.

Our team of eleven wealth management professionals, with over 185 years of collective experience, is passionate about helping you make informed decisions about your money so that you can spend your time doing what you value most. We do this by providing comprehensive advice focused on the four cornerstones of wealth management: investments, risk management, access to banking and lending services through Wells Fargo affiliates, and financial legacies. We consider all of your assets and liabilities when providing advice. Both assets and liabilities should serve a purpose. We use the Envision[®] process to chart the course and monitor the progress of your wealth plan so that you are free to pursue something bigger than your personal wealth.

In the past year, we have experienced life's joys and challenges with you. We have shared in the excitement of welcoming children and grandchildren. We have encouraged you to look past the numbers, to explore ideas and dreams, and then helped make your aspirations a reality. We have helped our Baby Boomer clients as they transition into retirement by developing sound income strategies that enable them to confidently live the life they want to live, beyond the earning years.

We have attended graduation parties, weddings, and, sadly, funerals. Wherever your life journey took you in 2017, we worked diligently to help you meet your specific financial responsibilities.

Our continual focus is you. Our multi-generational team deliberates and collaborates constantly.

We believe having a team that spans the generations from Baby Boomer to Generation Z, gives us a collective fresh perspective that helps us provide you with sound advice and selfless service.

Periodically we look back; we have come far in 10 years. On October 9, 2007, the S&P 500 index closed at a record high of 1,565.15, the highest close prior to the 2008 financial crisis. Not only did we survive the "Great Recession," Davidson Wealth Management broadened and sharpened our ability to develop wealth plans to weather various economic storms. We also look forward 10 years. In doing so, we will not only continue to plan for times of economic uncertainty, but also new ways to embrace opportunities in the field of financial services: artificial intelligence, Robo advice, Department of Labor fiduciary standards, cryptocurrencies, and other unimaginable changes. We believe that our core values of independent, objective, and unbiased advice centered on the unique needs of you, our clients, is sound and

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- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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CAR-0823-00259

responsible. Listening will always come first. We must fully understand and appreciate your financial needs and goals. Service will be delivered with care, skill, diligence, and a spirit of selflessness.

The financial health of Davidson Wealth Management continues to be strong. This allows us to invest in and support the professional development of our team. This in turn, allows us to deliver a customized and authentic client experience for you. Our industry tracks assets under advisement as one sign of strength. As of October 1, we are pleased to report Davidson Wealth Management assets held at Wells Fargo Advisors totaled over \$630 million, up from \$540 million from October a year ago. Envision®¹, our wealth analysis process, identifies an additional \$700 million in investment assets (such as 401(k) investments held at your employer). This totals \$1.3 billion. This does not include our advice to corporate 401(k) plans totaling an additional \$872 million.

In conclusion, we consider ourselves a steward of your wealth, both present and future. As such, our mission seeks to align your assets to your life. It is a serious business for us. It is also inspiring, because you are inspiring. We are also inspired by the NC State Motto, “Esse Quam Videri”, Latin for, “to be rather than to seem.” We are ordinary folks, trying our best to be authentic and purposeful. We hope we came through for you in 2017.

We appreciate our relationship with you and wish you all the best in 2018!

Thank you for the privilege of serving you.



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¹ Envision® methodology: Based on accepted statistical methods, the Envision tool uses a simulation model to test your Ideal, Acceptable and Recommended Investment Plans. The simulation model uses assumptions about inflation, financial market returns and the relationships among these variables. These assumptions were derived from analysis of historical data. Using Monte Carlo simulation, the Envision tool simulates 1,000 different potential outcomes over a lifetime of investing varying historical risk, return, and correlation amongst the assets. Some of these scenarios will assume strong financial market returns, similar to the best periods of history for investors. Others will be similar to the worst periods in investing history. Most scenarios will fall somewhere in between. Elements of the Envision presentations and simulation results are under license from Wealthcare Capital Management LLC. © 2003-2021 Wealthcare Capital Management LLC. All Rights Reserved. Wealthcare Capital Management LLC is a separate entity and is not directly affiliated with Wells Fargo Advisors.