

DAVIDSON
WEALTH MANAGEMENT
of Wells Fargo Advisors

December 2016

DEAR CLIENTS and FRIENDS:

As we conclude the season of peace and goodwill toward all men, we look forward to a new year with hope and anticipation. We would like to take this opportunity to thank you for the confidence and trust you have placed in us as your financial advisor. You have allowed Davidson Wealth Management to play a role, not only in helping you and your family meet your goals, but to dream and explore new opportunities.

We recently looked back 10 years at our December 2006 Annual Report. While much has changed in methodologies, much more remains the same. Gratitude for our vocational opportunity to travel alongside you on your financial journey is deeply embedded in our culture. We are driven to help you achieve your varied destinations. We celebrate your milestones as if they were our own.

As we reflect on our own journey, we share what we wrote you 10 years ago. It is still true. *When our parent company, now called Wachovia Securities, Private Client Group, was acquired by First Union in 1997, the biggest fear of many of our clients was that, “The bank would take over and tell us what to do” (meaning investment advice).* We are pleased to report, at soon to be 10 years, this is not a reality. In fact, we are pleased to report that our ability to bring our best to your financial table has been significantly enhanced over these years – without strings. Given today’s complexity we are grateful for the resources of our financial partner that aid in your success.

This year we believe you will find your investment results helped move you closer toward your objectives. Our analysis suggests your investment returns were competitive across the board for the trailing 12 months, based on the merits of broad asset allocation, both strategic and dynamic. For the last 6 years, the Federal Reserve’s low interest rates have created distraction from thoughtful investing. Simple benchmarks, such as indices like the S&P 500, have been difficult to beat and misleading as a media barometer for financial progress. Furthermore, the strength of the US dollar has penalized a global approach to investing. As our client, your individual portfolio is uniquely customized, preventing us from publishing meaningful composite results. Nevertheless, our investment planning process, Envision^{®1}, continues to measure real and meaningful progress towards your financial dreams. We witness your progress at each annual review.

Sadly, in 2016, we said goodbye to dear friends. Each December we partner with Hospice, through their “Light up a life” remembrance. This year, we remembered 25 clients and related family members. We grieve with them, especially in holiday seasons.

1130 Harbour Place Drive, Suite 200 • Davidson, NC 28036
Tel 704 655-7696 • Toll Free 866 996-7696 • Fax 704 655-9352
www.davidsonwealthmgt.com

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **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**

Investment products and services are offered through Wells Fargo Advisors, a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

CAR-0823-00260

Yet, we are heartened and encouraged when adult children and parents of clients ask us to share in their financial journey, just as we have with their family. When we began our mission of financial advice in 1981, we never dreamed of partnering with third-generations. Often, blessings come when and where you least expect them. Humbly, we say thank you.

We must earn this trust by being sound stewards of our business as well as your own. We are pleased to report that as a professional services practice within Wells Fargo Advisors; we are on track to record a strong financial performance. Our industry uses assets under advisement as a key measure. As of December 1, we are pleased to report Davidson Wealth Management held assets at Wells Fargo Advisors totaling over \$540 million. This is up from \$519 million, a year ago. Envision[®], identifies an additional \$1.1billion in investment assets (such as 401(k) investments held at your employer). This totals \$1.6 billion. (This does not include our advice to corporate 401(k) plans totaling an additional \$660 million.) We consider all of your assets and liabilities when providing advice.

Our team's collective years of experience with one institution, including predecessor firms, continue to grow and now totals over 175 years. We believe this unparalleled longevity allows us to leverage long-term relationships with our parent firm, enabling us to continuously enhance our effectiveness and efficiency in serving your needs. In 2016, we welcomed Steve Giguere, an experienced Wells Fargo associate, and said goodbye to Anuj Mukherjee and Wes Alim. We continue to work to blend the very best of our skills into an efficient and effective team. Serving you alone gives us a reason to strive to be the best financial advisory practice of which we have knowledge.

Each year we face something new. Your individual dreams, goals and economic necessities are seldom static. You inspire us to look for new and better ways to serve you and to successfully navigate the opportunities and challenges we all could face in 2017. We can only promise our dedication and persistently tireless efforts on your behalf. Your success really is our reward.

Gratefully,

Christopher W. Davis, CFP[®], CIMA[®]
Managing Director – Investments

Christopher M. Senvisky, CFP[®]
Sr. Vice President – Investment Officer

Harriet R. White, CRPC[®], RICP[®]
Associate Vice President - Financial Consultant

Celeste I. Renaldo, MBA, RICP[®]
Associate Vice President - Financial Consultant

Karen B. Kight
Associate Vice President - Financial Consultant

Michael C. Davis, CFS[®]
Associate Vice President - Financial Advisor

Jay Tillman, MBA, CFP[®], RICP[®]
Financial Consultant

Nicholas Androvich
Financial Consultant

Steve Giguere
Financial Consultant

Cherie Almaraz
Sr. Registered Client Associate

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.