

June 30, 2020

# Customer Relationship Summary

Making an Informed Decision

Form CRS

## Introduction:

Chapin Davis, Inc., “Firm”, a Maryland corporation, was founded in 1952 as a broker dealer and financial services company. In 1991, the Firm began Investment Advisory services as Chapin Davis Asset Management. Chapin Davis, Inc. is a SEC Registered Investment Adviser, a SEC registered Broker-Dealer and a member of FINRA and SIPC.

The Firm provides financial services to clients on a commission retail brokerage or fee-based investment advisory wealth management. It is important that you understand the differences in the fees that clients pay in brokerage accounts versus investment advisory accounts. Fees in brokerage accounts consists of commissions and account custodial fees for qualified accounts. Commission charges are based upon trade size, product type, liquidity and complexity of each transaction. Investment advisory accounts are charged a fee on assets under management for investment advisory services, pass through ticket charges and other pass through account maintenance service charges as defined in schedule A.

## Tools and Education:

Clients may take advantage of free and simple industry tools to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing in general.

This relationship summary will provide you information to help you make an informed decision about whether to invest with us and will answer the following questions:

- What investment services and advice can you provide me?
- What fees will I pay?
- What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?
- How do your financial professionals make money?
- Do you or your financial professionals have legal or disciplinary history?
- Where can I find additional information?

## Conversation Starters: Questions you might wish to ask when considering our services–

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will the Firm or Financial Advisor choose investments to recommend to me?
- What is the Firm’s or Financial Advisor’s experience, licenses, education and other qualifications? What do these qualifications mean?
- As a Financial Professional, do you have any disciplinary history?
- Who is my primary contact person? Is he or she an Investment Advisor Representative or Registered Representative?
- Who do I speak with if I have concerns with how my Financial Professional is treating me?

## Terms to know:

**Broker-Dealer** – a firm that acts as an intermediary between buyers and sellers of securities for which a commission is paid to the firm. The firm may purchase or sell securities from their own account.

**Investment Adviser** – a person or firm that provides investment advice or conducts securities analysis in exchange for a fee.

## **What investment services and advice can you provide me?**

### *Brokerage Services:*

The Firm offers brokerage services to all types of retail investors. The Firm has opportunities for individuals, joint owners, institutions and corporations to establish a wide variety of accounts to suit their needs. The products the firm offers: Equities, Fixed Income, Mutual Funds, Money Market Funds, ETF's. Preferred Securities, Limited Partnerships and Options for client to select. There are no minimum or maximum balance requirements to open a brokerage account. Financial Advisors may provide guidance and direction in order to meet the client's stated investment objective, risk tolerance, financial goals, suitability, time horizon and liquidity needs.

### *Investment Advisory Services:*

Chapin Davis provides advisory services to individuals (including high net worth individuals), corporations, retirement accounts, trusts and other institutions. The minimum investment to establish an advisory account with Chapin Davis is \$10,000. Investment Advisor Representatives may meet with investment advisory clients on a quarterly basis, but no less than annually, to review overall portfolio holdings, performance, risk tolerance, financial plan and client's investment objectives. More frequent reviews may be initiated either by Firm staff or a client. Several situations could prompt a review of a client's portfolio. These situations include but are not limited to: changes in the long-term outlook or risk assessment, realized performance, risk assessment become misaligned with portfolio strategy, financial profile or other reasons determined during periodic reviews of the client's portfolio and establishment of investment policy. Clients will receive regular account statements directly from the qualified custodian. The Firm may provide more detailed written reports of performance, asset allocation, and manager information upon customer request. Face-to-face meetings are available upon client request. More frequent reporting is available and special reports are available upon client request. Clients are urged to compare the information in our reports with that of the statements from the custodian.

Pursuant to the terms of an Investment Advisory Agreement with the Firm, clients may grant their Investment Advisor Representative full or limited discretionary authority to invest client's assets. When allocating assets and selecting investments, the Firm is required to comply with the client's strategy and investment policy statement, limitations and restrictions, as agreed upon by the client and the Firm. Any investment restrictions that a client wishes to impose on our management of the account are documented in the investment policy statement. Restrictions may be imposed at any time by providing the new restrictions in writing to your Investment Advisor Representative.

**Clients wishing to review more information** regarding the Firm's advisory services and programs may visit the Firm's website - [www.chapindavis.com](http://www.chapindavis.com), to obtain the most current Form ADV Part 2 or email a request for hard copy to: [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

## **What fees will I pay?**

### *Brokerage Services:*

Clients will pay a commission amount based upon the principal amount of the transaction. Clients will receive a confirmation upon the completion of every transaction directly from the broker-dealer's clearing firm, which discloses the amount of the commission, the transaction details and other fees charged in connection with the transaction. Mutual Funds and ETF's may have additional expenses which are detailed in the fund prospectus. All clients are encouraged to read the prospectus and discuss with their Financial Advisor.

### *Investment Advisory Services:*

Fees are billed quarterly in advance of the upcoming quarter. The fee is calculated using the assets under management by the fee as agreed upon in the executed Investment Advisory Agreement. The Firm reserves the right to negotiate its fees, which may differ from the fee schedules below, based on the size of the account, complexity of portfolio strategy, service model, the sophistication of the investment analysis, the amount of the Firm's professional time involved, and other factors. Financial planning services are part of the pricing schedules included below. The firm may waive its fees in certain circumstances. The fee schedules below (Wealth

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Management Services, Custom Portfolio Management, Investment Advisory and Wrap/SMA Advisory Programs) describe the typical investment advisory fee structures that may apply to a client account based upon the above various factors. The Firm does not charge performance-based fees. Because the more assets there are in an advisory account, the more a retail investor will pay in fees, the Firm may have an incentive to encourage clients to increase assets in their advisory account.

See the Firm's ADV Part 2 available on the Firm's website, [www.chapindavis.com](http://www.chapindavis.com), for more details. Hard copies may be requested for free by emailing [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

## Chapin Davis Advisory Platform Fee Structures:

WEALTH MANAGEMENT SERVICES		INVESTMENT ADVISORY	
SERVICES AUM	FEE	AUM	FEE
<\$1,000,000	1.35%	<\$250,000	1.60%
<\$2,500,000	1.00%	<\$500,000	1.35%
<\$5,000,000	.95%	<\$1,000,000	1.10%
<\$10,000,000	.60%	<\$5,000,000	.85%
>\$10,000,000	.40%	>\$5,000,000	.60%

CUSTOM PORTFOLIO MANAGEMENT		WRAP/SMA ADVISORY PROGRAMS	
AUM	FEE	AUM	FEE
<\$1,000,000	1.50%	FIRST \$250,000	1.85%
<\$2,500,000	1.30%	NEXT \$500,000	1.35%
<\$5,000,000	1.10%	NEXT \$1,000,000	1.10%
<\$10,000,000	.90%	NEXT \$2,000,000	.85%
>\$10,000,000	.40%	OVER \$5,000,000	.40%

The Firm also offers Separate Account or Wrap Fee Manager Services. The Firm provides non-discretionary investment advice to separate accounts established through wrap fee or private manager programs sponsored by independent broker-dealers. Fees for these types of accounts are generally higher than typical asset-based advisory accounts. The Firm receives a portion of the wrap fee for our services. Portfolio Managers may rely on both fundamental and quantitative research and develop specific investment strategies or using a mix of these methods. Investment strategies typically include equity and fixed income strategies, asset allocation, ETF strategies, customized portfolios and mutual fund asset allocation. Eligible securities for these types of accounts typically include common and preferred stocks, ETFs, closed end funds, unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, and no-load or advisory/institutional class mutual funds. Portfolio Managers may engage in covered call writing or other option strategies as agreed upon by the Investment Advisor Representative and client.

### Other Fees:

In addition to management fees, clients may incur brokerage commissions, and other investment-related costs and expenses (including "ticket charges") that are charged separately by broker-dealers and custodians. Mutual funds in which clients may invest charge their own management fees and operating expenses.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Conversation Starter:** Consider asking your financial professional, "help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"

**What are your legal obligations to me when providing recommendations as my broker-dealer or acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

*When we provide you with a recommendation as a broker-dealer or when acting as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they may affect the services and investment advice we provide you. Here are some examples to help you understand what this means.*

The Firm may purchase securities directly from one or more underwriters and sell those securities to clients of the Firm, which is a “principal transaction” under the Investment Advisers Act of 1940. In order to comply with the Advisers Act, the Firm must obtain consent from the client for each principal transaction in writing. The firm will disclose the best price known, the red herring and the concession earned by the issuer for the sale of the security. While concessions are paid by the issuer, the firm presents a conflict when they earn concessions and must be disclosed to the client. Clients will receive a confirmation of the transaction as well as, the final prospectus.

Please review the Firm’s ADV Part 2 available on the Firm’s website, [www.chapindavis.com](http://www.chapindavis.com), for more details.

**Conversation Starter:** Consider asking your financial professional, how might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?**

Certain Financial Advisors of the Firm are dually licensed as investment advisory representatives and registered representatives of the broker-dealer. In this dual capacity, advisors may receive commissions from brokerage accounts and fees from advisory accounts. Advisors will also receive 12b-1 trail fees from mutual fund companies where clients hold assets. In addition, some advisors hold a life insurance license and may receive compensation in the form of commissions as stated in the hypothetical and/or prospectus from insurance carriers for selling life, health and annuity products.

**Does you or your financial professionals have legal or disciplinary history and where may I find additional information?**

Yes. The Firm and Financial Advisors must report disclosures of record. Investment Advisor Representatives and the Firm are required to disclose disciplinary events for client review. The broker-dealer has disclosed regulatory history and are available in the Firms ADV Part 2B; as well as detail on <https://brokercheck.finra.org/> or [Investor.gov/CRS](http://Investor.gov/CRS).

**Conversation Starter:** Consider asking your financial professional, do you have any disciplinary history? For what type of conduct?

**Where can I find additional information?**

For additional information about our services or to request a copy of this Relationship Summary, please contact our Compliance Department at (410) 435-3200 or email [compliance@chapindavis.com](mailto:compliance@chapindavis.com).

**Conversation Starter:** Consider asking your financial professional, who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?