

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

OMB Number: 3235-0049  
Expires: February 28, 2011  
Estimated average burden  
hours per response. . . . . 4.07

Name of Investment Adviser: Nichols Asset Management, LLC

Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
	27 Virginia Ridge Rd	Sudbury	MA	01776	(978)	440-8741

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.

**Table of Contents**

<b>Item Number</b>	<b>Item</b>	<b>Page</b>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

Applicant: Nichols Asset Management, LLC

SEC File Number: 50360  
801-

Date: 10/25/09

- 1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

**Applicant:**

- |                                     |   |     |   |
|-------------------------------------|---|-----|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services .....  | 100 | % |
| <input type="checkbox"/>            | (2) Manages investment advisory accounts not involving investment supervisory services .....  |     | % |
| <input type="checkbox"/>            | (3) Furnishes investment advice through consultations not included in either service described above ....   |     | % |
| <input type="checkbox"/>            | (4) Issues periodicals about securities by subscription .....   |     | % |
| <input type="checkbox"/>            | (5) Issues special reports about securities not included in any service described above .....   |     | % |
| <input type="checkbox"/>            | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... |     | % |
| <input type="checkbox"/>            | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   |     | % |
| <input type="checkbox"/>            | (8) Provides a timing service .....   |     | % |
| <input type="checkbox"/>            | (9) Furnishes advice about securities in any manner not described above .....   |     | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes ☐ No ☒

- C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

- D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

- 2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant: Nichols Asset Management, LLC

SEC File Number: 50360  
801-

Date: 10/25/09

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input checked="" type="checkbox"/> (1) securities                         |
| <input checked="" type="checkbox"/> (3) foreign issuers  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants   | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> E. Certificates of deposit  | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input checked="" type="checkbox"/> (1) real estate                        |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input type="checkbox"/> (2) variable annuities  | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                                     |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)              | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales  |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV**  
**Part II - Page 4**

Applicant: Nichols Asset Management, LLC

SEC File Number: 50360  
801-

Date: 10/25/09

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☒ Yes ☐ No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer  | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . ☒ Yes ☐ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No  
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

Applicant: Nichols Asset Management, LLC

SEC File Number: 50360  
801-

Date: 10/25/09

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |   |                             |
|--|---|-----------------------------|
| (1) securities to be bought or sold? .....               | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                              |  |
|---|------------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? ..... Yes ☐ No ☒

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Nichols Asset Management, LLC	801-	10/25/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:		IRS Empl. Ident. No.:														
		42-1687249														
Item of Form (identify)	Answer															
Part II, Page 2, 1. A.) Advisory Services & Fees.	Nichols Asset Management, LLC															
1. D) Fee Schedule	<p>Fee Schedule Fall 2009</p> <table> <tr> <th>AUM</th> <th>Fee</th> </tr> <tr> <td>\$1,000,000</td> <td>1.00%</td> </tr> <tr> <td>\$10,000,000</td> <td>0.90%</td> </tr> <tr> <td>\$25,000,000</td> <td>0.80%</td> </tr> <tr> <td>\$50,000,000</td> <td>0.70%</td> </tr> <tr> <td>\$75,000,000</td> <td>0.60%</td> </tr> <tr> <td>\$100,000,000</td> <td>0.50%</td> </tr> </table> <p>Fees are billed quarterly in arrears, and are pro-rated based on timing of new accounts. Fees are negotiable.</p>		AUM	Fee	\$1,000,000	1.00%	\$10,000,000	0.90%	\$25,000,000	0.80%	\$50,000,000	0.70%	\$75,000,000	0.60%	\$100,000,000	0.50%
AUM	Fee															
\$1,000,000	1.00%															
\$10,000,000	0.90%															
\$25,000,000	0.80%															
\$50,000,000	0.70%															
\$75,000,000	0.60%															
\$100,000,000	0.50%															
Part II, Page 3, 3. Types of Investments Item K. (3) Other	Nichols Asset Management, LLC (NAM) also reviews, recommends, and can make (when authorized) decisions to invest or redeem investments in limited partnerships.															
Part II, Page 3, 4. Methods of Analysis, Sources of Information, & Investment Strategies Item A. (5) Other	Nichols Asset Management, LLC (NAM) has developed proprietary hybrid fundamental models utilizing both objective, subjective, and non-traditional investment and financial metrics to enhance the overall investment research and analysis process. NAM also utilizes time-series graphical reports to enhance the research and analysis process. The combination of the hybrid model and the time-series analysis is the front-end of the analysis process. This is then followed by traditional "bottoms-up" fundamental research on specific companies and industries.															
Part II, Page 4, 5. Education & Business Standards	Nichols Asset Management, LLC (NAM) requires that those members/partners giving investment advice to clients have a college degree and relevant work experience.															

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Nichols Asset Management, LLC	801-	10/25/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 4, Item 6 Education & Business Background	<p>Charles Nichols II: Member/Partner, Chief Investment Officer Year Born: 1954 Mr. Nichols received a B.S. in Economics &amp; Finance from the University of Denver in 1978.</p> <p>Since 1992, Mr. Nichols has been the Chief Investment Officer on Nichols Asset Management, LLC. Charles Nichols has over 27 years experience in the investment business and technology fields. In 1992, Mr. Nichols founded Nichols Asset Management (NAM). From 1982-1990, Mr. Nichols was a Wall Street telecommunications and technology analyst. In 1988-1989, Mr. Nichols was Vice President and telecommunications analyst at Prudential Securities. During 1988-1989, Mr. Nichols was a Vice President and equity analyst at Bear Stearns &amp; Company responsible for research of the long distance, telecommunications equipment, and networking industries. From 1983 through 1987, Mr. Nichols was First Vice President and equity analyst at E.F. Hutton, responsible for coverage of the telecommunications equipment, networking, and long distance services industries. Mr. Nichols has also worked for Montgomery Securities and Wood Gundy as an analyst. Mr. Nichols has been involved in venture capital and investment banking activities during his career. As a Wall St. analyst, Mr. Nichols was frequently quoted in the Wall Street Journal, Business Week, Fortune, and numerous trade publications and appeared on CBS, NBC, CNN, and FNN. Providing industry commentary. Mr. Nichols was a member of the prestigious Institutional Investor magazine "All Star" research team. From 1979-1981, he was a systems engineer at AT&amp;T and StorageTek. He is a director of Ektron Inc., an Internet infrastructure software company he helped fund.</p> <p>Patricia M. Nichols: Member/Partner, Chief Compliance Officer: Year Born: 1957 Ms. Nichols received her B.A. in Economics in 1979 from the University of Denver.</p> <p>Ms Nichols has been with Nichols Asset Managment, LLC since 1994. She is the majority owner in the firm. Ms. Nichols has over 26 years experience in various aspects of the money management field. Currently Ms. Nichols co-manages NAM's diversified portfolios with an emphasis on fixed income. Prior to joining NAM in 1994, Ms. Nichols was a fixed income investment and marketing manager at PanAgora Asset Management. Since 1983, she has managed institutional money ranging from money markets and derivatives to mortgages, corporate, and treasury bonds as well as equity futures. At Back Bay Advisors from 1988-1990, she consistently outperformed her benchmark. At E.F. Hutton Asset Management from 1983-1987, she shared responsibility for redirecting the hedging strategy to profitability. In addition, she successfully expanded the reverse repo and bonds borrowed portfolio to \$2.2 billion; accounting for 12% of the daily portfolio income which helped boost the \$ 6.6 billion fund to the top of the Lipper Large Government fund rankings. Ms. Nichols also authored the quarterly economic commentaries on the outlook and activity of the E.F. Hutton fixed income, municipal, short-term, and equity portfolios. Ms. Nichols has extensive experience in the area of portfolio analytics and derivative products. Ms. Nichols has passed the series 7, 3, and 63.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Nichols Asset Management, LLC	801-	10/25/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 4, Item 6 Education & Business Background	<p>Chris Ely, CFA: Member/Partner, Portfolio Manager &amp; Analyst: Year Born: 1955</p> <p>Mr. Ely earned his B.A. in Mathematical Economics from Brown University in 1978 and his M.B.A. from Babson College in 1984.</p> <p>Chris Ely has 25 years of investment experience as an analyst and portfolio manager. Since 2005, Mr. Ely has been a managing member/partner, portfolio manager, and analyst at Nichols Asset Management, LLC (NAM). Prior to joining NAM, Mr. Ely, served as Executive Vice President of Loomis Sayles &amp; Co. (1996-2005), LP, was a member of the Board of Directors, and led the Specialty Growth team managing portfolios of small and mid-sized growth companies for institutions, mutual funds and high net worth clients. Ely and his team grew this business from its inception in July 1996 to a peak of over \$3 billion of assets under management. Prior to Loomis Sayles, Ely was a portfolio manager and analyst at Keystone Investments (Evergreen) where he was lead portfolio manager of the firm's small cap growth fund, S-4. Ely began his investment career at Sun Life of Canada and continued in his analyst role at Fleet National Bank prior to joining Keystone.</p> <p>Roland Gillis, CFA : Member/Partner, Portfolio Manager &amp; Analyst: Year Born: 1949</p> <p>Mr. Gillis received his MBA from Thunderbird, The Garvin School of International Business, and his B.A. from Northeastern University.</p> <p>Mr. Gillis has been a managing member/partner, portfolio manager, and analyst at Nichols Asset Management, LLC since 2005. Mr. Gillis has 34 years of investment experience; most recently as Partner of Putnam Investments, He was Managing Director and Director of their Specialty Growth Equity team. He was the lead Portfolio Manager on the Putnam Voyager Fund from 1995-2000. He was responsible for investments in high-quality, rapidly growing small- and mid-cap companies. Mr. Gillis was the Portfolio Leader of the Discovery Growth and OTC &amp; Emerging Growth Funds, and a Portfolio Member on the Small Cap Growth Fund. Additionally, he managed Putnam Information Sciences Trust, an offshore small cap technology fund, since 1996. Prior to joining Putnam in 1995, Mr. Gillis was a Vice President, Portfolio Manager, and analyst with the Keystone Investments (Evergreen) from 1982-1994. From 1980-1982 Gillis was an analyst with Loomis Sayles &amp; Company. Between 1978-1980 Mr. Gillis was an analyst at American Mutual Insurance. Mr. Gillis started his career as a trust officer at South Shore Bank &amp; Trust Co. in 1975. Mr. Gillis has a CFA and Series 7, 65 and 63 registrations with the NASD.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Nichols Asset Management, LLC	SEC File Number: 801-	Date: 10/25/09
---	--------------------------	-------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 4, Item 6 Education & Business Background	<p>David L. Smith, CFA: Member/Partner, Portfolio Manager &amp; Analyst: Year Born: 1959</p> <p>Smith earned his MBA from the Johnson School at Cornell University in 1990 and a BA in Political Science (honors) from the University of Massachusetts/Amherst in 1982.</p> <p>Dave Smith has more than 23 years experience as a securities analyst and portfolio manager. Since 2007, Mr Smith has been a managing member/partner, portfolio manager, and analyst at Nichols Asset Management, LLC (NAM). Prior to joining NAM, Mr. Smith was at Sirios Capital where he was Director of the Technology Sector. At Loomis Sayles &amp; Co. (1996-2005) he spent 9 years as vice president and portfolio manager on the Specialty growth team and was instrumental in helping to build Loomis Sayles' Specialty Growth assets to \$3 billion. From 1990 to 1996 Smith was vice president, portfolio manager and analyst at Keystone Investments (Evergreen) working on the small cap growth team and its flagship Keystone S-4 Fund. Before Keystone, Smith was an analyst at Fidelity Investments from 1986 to 1988, focusing on the savings and loan industry and assisting on Fidelity's thrift sector fund. Smith started his career at Boston Safe deposit and Trust Company as a trust services specialist in 1983. He is a Chartered Financial Analyst.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:

Nichols Asset Management, LLC

SEC File Number:

801-

Date:

10/25/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 4 Item 8: C. (1) Broker-Dealer Arrangement	<p>Nichols Asset Management, LLC (NAM) has entered into a "Solicitation Agency Agreement" dated March 23, 2007 with Hamersley Partners LLC (registered broker-dealer). This agreement requires Hamersley Partners (third party marketer) to make reasonable efforts to introduce, solicit, and refer prospective investment advisory clients to Nichols Asset Management, LLC for Small Cap Equity mandates. Hamersley provides NAM with regular updates regarding their "third party" marketing efforts. Hamersley also maintains and updates investment databases, and responds to RFP's. NAM pays Hamersley Partners, LLC a monthly retainer and 20% of any investment management fee that NAM receives from clients which they solicited on NAM's behalf. NAM is responsible for paying the 20% fee to Hamersley from the investment fee NAM receives from the client.</p>	
Item 8: D. Other Financial Industry Activities or Affiliations Item D	<p>The following members of Nichols Asset Management, LLC (NAM) Charles Nichols II, Chris Ely, Roland Gillis, and David Smith are General Partners in NAM TechVest, L.P. The NAM TechVest L.P. was formed in June 2001 as a limited partnership focused on investing in technology stocks. In September of 2005 both Mr Ely and Mr. Gillis became general partners of NAM TechVest L.P.. In November 2005, NAM TechVest changed its focus from technology stocks to all equities. In June 2007, Dave Smith became a general partner on NAM TechVest. In the fourth quarter of 2008, the partnership eliminated the 15% incentive fee on all existing limited partners. Currently, the NAM TechVest L.P. charges an annual management fee of 1.5% payable quarterly at a .375% rate. The partnership is managed as a multi-cap long biased partnership. The partnership is a separate entity from Nichols Asset Management, LLC. Currently there is only one client of Nichols Asset Management, LLC who was solicited in 2005 to become a limited partner in NAM TechVest, LP. At this juncture, there is only one client of Nichols Asset Management, LLC who is a limited partner in NAM TechVest. The general partner of NAM TechVest does not intend to solicit any other existing Nichols Asset Management, LLC clients for the partnership.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Nichols Asset Management, LLC	801-	10/25/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 5, Item 9. Participation or Interest in Client Transactions		
Code of Ethics Disclosure	<p>Code of Ethics: Nichols Asset Management, LLC Revised Fall 2009</p> <p>I) Code of Ethics Rule 204A-1</p> <p>Responsibility to the Client: All partners and employees of Nichols Asset Management, LLC (NAM) have a fiduciary responsibility to act in the best interest of the client at all times. Each employee/partner must be well versed and compliant in the various laws and federal regulations covering Investment Advisors. Each employee/partner must review the Money Manager Compliance Guide, and be versed in the requirements as well as the monthly updates along with the CFA Institute Code of Ethics and Standards of Professional Conduct. Members that do not follow and adhere to the Nichols Asset Management Code of Ethics, and current securities laws as outlined in the Money Manager Compliance Guide and stay current with these guidelines may be dismissed. Information on client names and holdings may not be disclosed.</p> <p>Trading- the client always comes first and NAM partner/employee trades will be done after any client trades unless they can be executed in the same block trade. NAM employee/partner trades must be pre-cleared and a record of all trades will be kept. NAM employees must report their personal securities holdings within 10 days of becoming a member of NAM, and no less than annually. NAM members must report their personal transactions on a quarterly basis, preclear any securities owned by clients and copy NAM compliance on their confirms. Participation in IPO's and private placements must be pre-cleared. NNAM members shall not trade or pass on nonpublic information. Violations must be reported to NAM Compliance. Exempt reporting securities include mutual fund shares, Us government obligations, money market instruments/funds and Unit Investment Trusts.</p> <p>NAM members must acknowledge their adherence to NAM compliance procedures annually.</p>	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Nichols Asset Management, LLC	SEC File Number: 801-	Date: 10/25/09
---	--------------------------	-------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 5, Item 9: Participation or Interest in Client Transactions A: Buys or Sells for itself securities that it also recommends to clients	<p>The members/partners of Nichols Asset Management, LLC (NAM) believe in investing in the same securities of our clients.</p> <p>Nichols Asset Management, LLC Personal Trading Policies The personal trading policies for Nichols Asset Management, LLC are categorized by market capitalization and whether trade is a purchase or a sale. Nichols Asset Management LCC over the past few years has embarked on an effort to development an investment product for small capitalization equities, typically under \$2 billion in market value. Most of Nichols Asset Management, LLC 's existing individual clients do not typically own small capitalization equities. However there can from time to time be exceptions. In all cases, NAM partners or employees must follow the "NAM Trade Execution Policies &amp; Procedures for Institutional and Retail Accounts" policy before executing a personal trade for themselves or a related party. Any unique situation must be cleared with the Chief Compliance officer; Patricia Nichols or Chris Ely (Boston Compliance assistant).</p> <p>Purchase and Sale: All non-Small Cap Securities Purchase or Sale of Equity Securities over \$2 billion in Market Capitalization as well as Fixed Income Securities, ETF's, Mutual Funds, or other financial instruments. If a stock, bond, ETF, mutual fund is currently held in a NAM LLC client account, the partner or employee my purchase the security or add to an existing position. If the stock, bond, ETF, mutual fund, or other security slated for purchase is not currently held by a NAM LLC client, then the partner or employee needs to check with the Chief Investment Officer (Charles Nichols) to see if said security is currently under consideration for purchase for NAM clients over the next 2-4 weeks. If the answer is Yes; that a security is under consideration, the partner or employee is restricted from purchasing the security. If the answer is No, then the partner or employee my purchase the security for which they are seeking approval. If the CIO is not available when requesting approval, then the partner or employee need to check with Patricia Nichols; the firms CCO (Chief Compliance Officer). If the CCO is unavailable, the partner or employee needs to check the firms "Current, Prior, Potential" holdings list to see if intended security is on the list. If said security is on the list, then the partner or employee is restricted from purchasing the security.</p> <p>Partners or other employees of Nichols Asset Management, LLC are prohibited from purchasing small capitalization stocks for a seven day (7) period following the purchase of said security in a client account. Partners or other employees on Nichols Asset Management, LLC can only sell a small cap security if "held by the firm clients" the day following the elimination of the clients positions.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant: Nichols Asset Management, LLC	SEC File Number: 801-	Date: 10/25/09
---	--------------------------	-------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Nichols Asset Management, LLC		IRS Empl. Ident. No.: 42-1687249
Item of Form (identify)	Answer	
Page 5, Item 10: Conditions for Managing Accounts	Nichols Asset Management, LLC (NAM) has a minimum account requirement for individual investors of \$1 million. The members/partners of NAM LLC have the right to waive this minimum requirement if they believe that there is a reasonable probability that a potential new client may make additional contributions to their account to exceed the minimum over time. There are also exceptions to "legacy" long-tenured clients who may not meet the minimum requirement for a variety of reasons.	
Page 5 Item 11: Review of Accounts	<p>Reviews of Accounts is done at a minimum quarterly, when clients are updated on their account performance. The review is performed by that member/partner responsible for the management of any given account. However, a review can occur at any time based on communication initiated by either the client or investment manager.</p> <p>Frequency of Reports: Reports go out to the clients quarterly reviewing their performance and requesting or notifying the client of their quarterly management paid in arrears.</p>	
Page 6 Item 12. Investment or Broker Discretion Item A. (1)	Item A. (1) There are no limitations on the securities to be bought or sold unless specified as a restriction in the clients investment management agreement. Securities are purchased based on the clients risk tolerance and objectives.	
Item A. (2)	Item A. (2) There are no limitations on the amount of securities to be bought or sold. NAM believes in managing a well diversified portfolio for clients as a prudent way to manage risk. We do not manage concentrated portfolios.	
Item A. (4)	Item A. (4) The commission rate paid on individual accounts through Charles Schwab & Company are very competitive. Trades are done electronically to ensure fast low cost execution. We monitor Schwabs prices to ensure the clients interests are protected.	
Item B. Suggested Broker	Item B. Broker or Dealer Used. NAM LLC individual client accounts are custodied at Charles Schwab & Company. Schwab Institutional provides RIA's like NAM LLC with very high levels of service in all aspects of managing an individuals account. We do not take individual clients wishing to custody their assets at other broker dealers as it adds significantly to our operating costs and would disadvantage the client. All clients of NAM LLC get the exact same execution on transactions as trades are placed in a master account and allocated to individual accounts thereafter. For institutional trades, any trades done away from Schwab are done with any approved list of Broker Dealers that provide important added value services; including but not limited to company sponsored meetings, investment conferences, written research, access to research analysts, and trade execution.	

**Complete amended pages in full, circle amended items and file with execution page (page 1).**