



NICHOLSON CAPITAL MANAGEMENT

Investment Managers & Financial Consultants

4600 Madison Avenue, Suite 150
Kansas City, MO 64112
816-931-5757
www.nicholsoncap.com

Form ADV Part 2A – Firm Brochure

Date of Brochure: May 16, 2012

This brochure provides information about the qualifications and business practices of Nicholson Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 816-931-5757 or email at jennifer@nicholsoncap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Nicholson Capital Management is also available on the Internet at www.adviserinfo.sec.gov. You can view our Firm's information on this website by searching for Nicholson Capital Management. You may search for information by using the Firm's name or CRD number. The CRD number for Nicholson Capital Management is **105580**.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Nicholson Capital Management provides to clients as required by applicable rules and regulations. This Disclosure Brochure dated March 28, 2011 is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part 2A and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our Firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

We updated this brochure on May 16, 2012. All material changes are listed below:

Mary Jane McKnight, Vice President and Portfolio Manager has semi-retired and is no longer employed by this firm, effective May 15, 2012.

All minimum fees have been abolished and a percentage fee stated depending on assets under management.

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Item 4 – Advisory Business

Description of Advisory Firm

Nicholson Capital Management is an investment advisor corporation formed under the laws of the State of Missouri.

- The Firm's President and Chief Compliance Officer is Jennifer D. Nicholson. Ms. Nicholson is also the owner of our Firm. Details regarding her education background and business experience, along with other information, are provided in her Brochure Supplement.
- Nicholson Capital Management has been registered as an investment advisor since March 4, 1988.
- Through Nicholson Capital Management, we offer and consider ourselves to specialize in providing investment management services as further described in the following pages.

Clients are advised that the investment recommendations and advice offered by Nicholson Capital Management does not constitute legal or accounting advice. Therefore, you should coordinate and discuss the impact of financial advice with your attorney and/or accountant. Clients are advised that it is necessary to inform Nicholson Capital Management promptly with respect to any changes in their financial situation, investment goals and objectives. Failure to notify Nicholson Capital Management of any such changes could result in investment recommendations not meeting the needs of the client.

General Description of Primary Advisory Services

The following are brief descriptions of Nicholson Capital Management's primary services. A detailed description of Nicholson Capital Management's services is provided in Item 5 – Fees and Compensation so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

Investment Management Services – We offer services in the form of Investment Management Services. Investment Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that Nicholson Capital Management will continuously monitor a client's account and make trades in client accounts when necessary.

NCM Retirement Solutions - Nicholson Capital Management provides advisory services for corporate retirement plans. The primary clients for these services are pension, profit sharing, and 401(k) plans.

Financial Consulting and Expert Witness Services - Nicholson Capital Management provides advisory services in the form of financial consulting services. Financial consulting services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial consulting can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and

other areas. The role of a financial consultant is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

Expert witness services are conducted through Nicholson Capital Management which includes providing analysis and testimony in litigation cases. Business consulting services covering succession issues, cash flow management, business structure and other related issues are also available.

Limits Advice to Certain Types of Investments.

Nicholson Capital Management provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interest
- Hedge funds and other private (i.e. non-registered) investments. Private investments are often illiquid, which means that the investments can be difficult to trade and consequently limits a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

Nicholson Capital Management does **not** provide advice on options contracts on commodities, futures contracts on tangibles or intangibles.

When providing Investment Management Services, the Firm will typically construct each client's account holdings through the use of designated classes of investments, including, without limitation, stocks, bonds, ETF's and mutual funds. We may select any particular investment within a class based on a screening method using performance, risk and reward, manager tenure, internal fees and expenses, and the underlying assets for mutual funds. Then, with these particular investments, we will derive an asset allocation mix setting forth the percentage of each investment class into which a client's portfolio should be invested. The allocation is aligned with risk tolerances, goals and objectives of the clients, according to the need for income, growth, capital preservation, aggressive growth, balanced income and growth, or any mixture thereof.

We may place individual stocks and bonds in a client's portfolio. The placement of individual issues in an account is usually based on a client's request, the larger size of the account, and the existing stocks in an account. Stocks are also selected based on the internal research of the investment staff, looking at the company's intrinsic value, management, stability of earnings and potential for growth.

On an ongoing basis, Nicholson Capital Management monitors the asset allocation within each client's portfolio as designed for the client. It suggests or makes adjustments as appropriate for the client based on the client's requirements and as market values of the underlying investments may change.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Nicholson Capital Management's services are always provided based on the individual needs of each client. This means, for example, that you, the client, is given the ability to impose restrictions on the accounts we manage, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

We also develop different investment strategies through our NCM Retirement Solutions program. When developing strategies, investment selections are based on the underlying strategies and we do not develop customized (or individualized) portfolio holdings for each participant.

Client Assets Managed by Nicholson Capital Management

The amount of clients assets managed by Nicholson Capital Management totaled \$76,702,731.08 as of February 29, 2012. The entire amount is managed on a discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in Item 4 – Advisory Business, this section provides additional details regarding our Firm's services along with descriptions of each service's fees and compensation arrangements.

Investment Management Services

This is the primary service we offer and most clients receiving this Disclosure Brochure will utilize this service.

Investment Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client's account and make trades in client accounts when necessary. Through this service, Nicholson Capital Management implements a customized and individualized investment program for clients by applying our investment strategy and philosophy. Nicholson Capital Management shall actively manage client investment portfolios in accordance with the client's individual needs, return objectives and risk tolerance.

We provide Investment Management Services generally through accounts established under the Fidelity Institutional Wealth Services (FIWS) platform. Clearing, custody and other brokerage services are provided by National Financial Services LLC (NFS) and/or Fidelity Brokerage Services LLC (FBS) (both

registered broker/dealers, members of FINRA and SIPC), and will serve as the client's qualified custodian and maintain physical custody of all client funds and securities for accounts established through the FIWS platform. Therefore, clients are required to establish a brokerage account(s) through FIWS. The client must designate Nicholson Capital Management as the investment advisor on the accounts the client would like Nicholson Capital Management to manage. Nicholson Capital Management will be granted limited power-of-attorney on the account to implement trades within the account and (when agreed to by the client) deduct the Nicholson Capital Management advisory fees from the account. Please refer to Item 12, Item 15, and Item 16 for more information. There could be limited circumstances where a custodian other than Fidelity would be used.

Clients are always responsible for notifying Nicholson Capital Management of any changes to their financial situation or investment objectives. At least annually, we will contact each client for the specific purpose to determine whether the client's financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that clients understand that Nicholson Capital Management manages investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide or actions we take for a specific client. We are not obligated to buy, sell or recommend to a specific client any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our Firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation, and are prohibited from, disclosing the information to any client or use it for any client's benefit.

Fees for Asset Management Services

Clients are charged for our Asset Management Services based on a percentage of assets under management. The following is our standard fee schedule used for all clients.

<u>Assets Under Management</u>	<u>Annual Percentage Fee</u>
0 to \$ 1,000,000	1.00%
\$ 1,000,001 to \$ 5,000,000	0.70%
\$ 5,000,001 to \$10,000,000	0.40%
\$10,000,001 and over	0.25%

Fees are calculated on a graduated basis. For each portion of the asset value falling within the particular asset value range, the corresponding annual percentage fee is applied. The fee is calculated based on the account value reflected on the custodian, broker-dealer statements as of the

preceding accounting period. If services are rendered for part of a quarter, then fees are assessed for only that period the account is under management. Fees are payable monthly, quarterly or annually in arrears. Larger accounts may be billed monthly upon request by the client. In limited and unique circumstances (such as the size of the account), fees and methods of payment are negotiable. If any client household total market value drops to \$100,000 or less, the annual management fee will be 1.5%.

In some situations (at our discretion and as negotiated with the client) we may provide Investment Management Services on a fixed-fee basis. When a fixed-fee is agreed upon, the annual fee for our Firm's services will be determined at the time the initial agreement is executed. The fee for the first year of services will be pro-rated by the number of days remaining in the year. Fees are divided and billed into equal quarterly payments and are due in arrears at the end of each quarter. Annual fixed-fees are determined based on the amount of the client's assets (not to exceed 1.00% of managed assets), the complexity of the client's financial situation and the estimated amount of time that will be needed throughout the year. Annual fees automatically carry-over from year-to-year unless both parties agree, in writing, to a different fee.

Nicholson Capital Management calculates its management fee against all assets in an account, including cash and cash equivalents, which may have internal fees. Fees are generally deducted directly from the client's account. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to Nicholson Capital Management. With our approval, our clients may pay fees directly to Nicholson Capital Management. For clients that pay directly, payment is due upon receipt of the billing statement. See Item 16 of this Disclosure Brochure for information regarding custody.

Other Fees and Expenses

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client's custody account. Nicholson Capital Management will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Nicholson Capital Management in connection with investments made through the account, including but not limited to 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Nicholson Capital Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

How to Terminate Services

Either party (i.e. the client or Nicholson Capital Management) may terminate our Firm's agreement for services at any time by providing written notice to the other party. The agreement may be terminated typically upon five days prior notice to the other party or upon mutual agreement of the parties. The client will be responsible for the final payment of all earned fees. We will use the date of termination to determine the final account valuation for purposes of calculating the final fee payment. The final fee payment will be pro-rated based on the number of days services are actually provided during the final period. There will be no penalty charge upon termination.

As of the effective date of termination of our investment management services, we will have no obligation or authority to recommend or take any action with regard to the previously managed

assets. The client will bear the sole responsibility to work with their custodian for proper liquidation and/or management of their assets upon termination.

NCM Retirement Solutions

Retirement plans and their sponsors may sign up for our NCM Retirement Solutions service. Through this service, we provide various strategies through client selected investment platform providers. The platforms are designed for qualified plans that are trustee directed. They may also permit plan participants the ability to self direct their own investments and select customized professional investment management for their individual plan assets.

Through this service, we offer NCM Conservative, NCM Moderate, NCM Moderate Plus and NCM Fixed Asset Allocation Strategies to plan sponsors for negotiated fees on selected platforms. Clients will have the option to select the strategies that are most appropriate to their plan circumstances. (Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details regarding our models).

Clients will select their own custodian depending on the Third Party Administrator they use for their recordkeeping services.

We also offer services including fund selection, fund monitoring and development of investment policy statements. All services are provided under contractual arrangements with the plan sponsor.

- ✓ *Goal Assessment:* Nicholson Capital Management will meet with the client (in person or over the telephone) to determine the client's investment needs and goals.
- ✓ *Selection of Investment Vehicles:* Nicholson Capital Management will review various investments to determine which of these investments are appropriate to implement the client's goals. The number of investments to be recommended will be determined jointly by Nicholson Capital Management and the client.
- ✓ *Monitoring of Investment Performance:* Client investments will be monitored continuously through the review of monthly performance calculations provided by the platform of the Third Party Administrator and semi-annual performance reviews presented to the participants.

The exact suite of services provided to a client will be listed and detailed in the agreement for services.

Fees for Retirement Solutions

Standard fees for this program will generally range from 35 basis points (0.35%) to 50 basis points (0.50%) of the total value of the client's Plan. The exact fee will be determined based on the structure of the plan services selected. All fee arrangements will have complete transparency and are completely disclosed to the Plan Sponsor in writing. At the option of the Plan Sponsor, some mutual fund choices may pay 12b-1 fees and other amounts that may offset plan expenses. Fees are billed semi-annually to the Plan and Plan sponsor.

Clients will be invoiced semi-annually for the prior six months' services based upon the month- end values of the client's account for the last month in the six month period.

We currently work with third-party administrative (TPA) service providers through several outside vendors. Each has relationships with multiple custodians which provide the fund platforms which we use to provide investment advisory services to the plan assets. We have no economic incentive to recommend one over the other and the recommendation of a TPA to our client will be based on the appropriate competitive quote to provide the services required by the Plan. Each client will select their own custodian depending on the TPA they select. All such platform arrangements are intended to facilitate the management of retirement plan assets. Each provides thousands of fund selections offered by different fund families. Participants may access their accounts through specially designed Internet website access on all platforms.

Other Fees

Brokerage commissions and/or transaction ticket fees charged by the custodian will be charged directly to the client. Nicholson Capital Management will not receive any portion of such commissions or fees from the custodian or client.

In addition, clients may incur certain charges imposed by third parties other than the advisor in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees.

All fees paid to Nicholson Capital Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund is sold on a short-term basis, the account could be subject to a short-term redemption fee. The client should review both the fees charged by the funds and the fees charged by Nicholson Capital Management to fully understand the total amount of fees to be paid by the client and the plan participant to thereby evaluate the advisory services being provided.

Termination of Services – Retirement Solutions Services

Nicholson Capital Management's services may continue in effect until the client agreement is terminated by either party (i.e. our Firm or the client). Termination should be initiated by giving to the other party written notice at least thirty (30) days prior to the date on which the termination is to be effective. There will be no termination fee; however, client accounts may be subject to a modest cost of reimbursement to Nicholson Capital Management of expenses and time related to transferring the account. If the client terminates the agreement within five days of the date of the agreement, there will be no fees billed for that period.

Financial Consulting Services and Expert Witness Services

We provide financial consulting services and expert witness services on a fee-only basis. Our advice is geared towards estate planning, insurance, retirement and matters other than investments requested by clients and as set forth in the agreement with the client. Fees are based on a rate of \$150 per hour and are negotiable. Expert witness services fees are charged based on the scope of the project and prevailing rates for those services in the area performed. The client is responsible for implementing the advice, and cautioned that the advice is highly factually based, according to the actual current

circumstances of each client. Accordingly if the client's circumstances change, Nicholson Capital Management discloses that the advice may be inappropriate with changed circumstances.

Nicholson Capital Management will also provide ongoing non-supervisory investment advice to clients who also receive financial consulting services and access to their data on the Money Guide Pro software. These services will involve a semi-annual review of all investment accounts and updated information regarding changes to asset allocation and securities to implement those changes. Clients will be responsible for making all security transactions and following up on the recommendations made. Annual fees will be charged at $\frac{1}{2}$ of 1% times the total market value for all investment accounts as shown on the Exhibit to the Agreement. There will be a \$2,000 annual minimum fee for these services. Fees will be submitted for payment following the semi-annual update meeting.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 of the Form ADV Part 2A instructions is not applicable to this Disclosure Brochure because Nicholson Capital Management **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

Item 7 – Types of Clients

Nicholson Capital Management generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business and government entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with Nicholson Capital Management.

Minimum Investment Amounts Required

Clients must have a minimum investment amount of \$400,000 to be eligible for our Investment Management Services, but we may decide to lower the minimum at our discretion.

The NCM Retirement Solutions program requires a \$1,000,000 minimum for retirement plans, but we may decide to lower the minimum at our discretion.

For financial consulting clients, Nicholson Capital Management requires a minimum net worth of \$400,000. For each of these services, a portfolio manager may waive the minimum requirements in unique and appropriate circumstances in the manager's sole and absolute discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Nicholson Capital Management uses the following methods of analysis in formulating investment advice.

Nicholson Capital Management conducts its own research based on a variety of sources and publications of the industry available. We use all research it may consider appropriate or important. The investment

decision making process focuses primarily on the needs of the clients, the quality of the investment recommended, and the appropriate asset allocation. The following are some of the standard methods of analysis we like to use.

Charting - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical - A method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Nicholson Capital Management uses the following investment strategies when managing client assets and/or providing investment advice.

- ✓ Long term purchases - Investments held at least a year.
- ✓ Short term purchases - Investments sold within a year.
- ✓ Trading - Investments sold within 30 days.
- ✓ Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

- ✓ Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Nicholson Capital Management.
- ✓ Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- ✓ As stated in Item 4, we offer several strategies through our NCM Retirement Strategies Services. Currently, we offer NCM Conservative, NCM Moderate, NCM Moderate Plus and NCM Fixed Asset Allocation Strategies. The Plan Sponsor may select among these strategies as appropriate for the Plan.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who

depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker/dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker/dealer of your account. The securities purchased in such an account are the broker/dealer's collateral for its loan to you.

If the securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and, as a result, a brokerage firm is required to take action, such as issue a margin call and/or sell securities or other assets in your accounts, in order to maintain necessary level of equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Asset Management Services and held by your broker/dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker/dealer can force the sale of securities or other assets in your account.
- The broker/dealer can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account that may be liquidated or sold to meet a margin call.
- The broker/dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
- The broker/dealer can increase its "house" maintenance margin requirements at any time and are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

Item 9 – Disciplinary Information

This item is not applicable to our brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Nicholson Capital Management is an independent investment advisory firm and only provides investment advisory services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure. We do not have any arrangements whereby we recommend (or refer) clients to a third-party investment advisor, nor do we receive referrals from a third-party investment advisor.

Nicholson Capital Management is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

We have developed a Code of Ethics to help supervise the conduct of our employees. The Code of Ethics requires that all access persons employed by our Firm must disclose their securities holdings to Nicholson Capital Management's Chief Compliance Officer on at least an annual basis. Also, access persons must submit quarterly reports of their securities transactions to the Chief Compliance Officer. Another person reviews the securities transactions of the Chief Compliance Officer. The Code of Ethics requires preclearance of security transactions. It also prohibits certain investments by its employees and potential conflicts of interest.

Clients may request a copy of the Code of Ethics by sending a written request to Janie Sanders, Vice President-Operations of our Firm.

Affiliate and Employee Personal Securities Transactions Disclosure

Employees of Nicholson Capital Management may buy and sell securities they also recommend to clients which can result in conflicts of interest between our clients and our employees. To control for this conflict, client transactions take precedence over transactions by employees when they have similar investment objectives within a comparable time period. Further, we have adopted policies and procedures regarding personal investment activities of our employees, the level and nature of which depend on the person's functions, duties and responsibilities at Nicholson Capital Management. For example, we require a pre-authorization form that must be signed before a staff member purchases a new security. Upon approval, trades must be made within three days of the date the form is signed. Our policies and procedures also include reporting, investment restrictions and compliance certification.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial consulting or other general recommendations of Nicholson Capital Management.

However, for clients signing up for our Investment Management Services, we will be responsible for the implementation of recommendations and are therefore responsible to ensure that the client receives the best execution possible.

As stated in Item 5 – Fees and Compensation, Nicholson Capital Management participates in the Fidelity Institutional Wealth Services (FIWS) program. Therefore, clients will generally need to open or transfer their accounts to Fidelity in order to participate in Nicholson Capital Management's management program. Fidelity utilizes the brokerage services of both National Financial Services, LLC and Fidelity Brokerage Services, LLC. Both companies are affiliated with Fidelity, are registered broker/dealers and serve as qualified custodian.

Please note that not all investment advisors recommend or require the use of a specific broker/dealer. Some investment advisors allow clients to select the broker/dealer. However, for compliance and operational efficiency purposes, we have decided to require all investment management clients open accounts through Fidelity when participating in the Firm's Asset Management Services unless an exception is granted. In contrast, the clients of our Retirement Plan Services may select their own custodian depending on the Third Party Administrator they use.

Nicholson Capital Management is a "fee-only" advisor, which means its income is derived solely from investment advisory and consulting fees, and Nicholson Capital Management receives no financial compensation from any brokerage transactions. Any commissions, charges, mark-ups or transaction fees associated with such brokerage transactions are received entirely by the custodian.

Nicholson Capital Management does not receive client referrals from Fidelity. Nicholson Capital Management has chosen Fidelity to be the custodian of its clients' accounts because of the following benefits, some of which may be interpreted as soft dollar benefits:

- A dedicated trading desk that services FIWS participants exclusively
- A service group dedicated to Nicholson Capital Management's accounts
- Access to a real-time order matching system
- The electronic processing and download of trades, balances and positions in FIWS's portfolio software
- Duplicate and batched client statements, confirmations and year-end summaries
- The ability to have advisory fees directly debited from client accounts
- Access to Fidelity mutual funds and to over 2000 mutual fund families not affiliated with Fidelity with the ability to have loads waived for Nicholson Capital Management's clients who invest in certain Fidelity and non Fidelity loaded funds
- Access to Wealth Central, a Fidelity brokerage information internet service

Consistent with fiduciary obligations, Nicholson Capital Management seeks best execution in all transactions. Best execution is not defined simply as attaining the lowest price, but as the best price obtainable for a specific trade considering all relevant circumstances. While Nicholson Capital Management seeks best execution when managing accounts, by directing clients, in most instances, to use Fidelity, Nicholson Capital Management may be unable to achieve the most favorable execution of

client transactions in all situations and that the use of Fidelity may be more expensive than using other brokerage platforms.

We formally review trading and brokerage practices on at least an annual basis. A primary reason for this review will be to improve upon the Firm's best execution policy.

The following criteria are considered when selecting a broker/dealer. Please note the following is not necessarily an all-inclusive list and Nicholson Capital Management may consider other factors:

- Financial condition;
- Acceptable recordkeeping;
- Ability to obtain best price;
- Knowledge of market, securities and industries;
- Commission structure; and
- Reputation and integrity.

Our Firm strives to execute securities transactions for clients in such a manner that the total account costs are the most favorable under the circumstances and strives to achieve the best qualitative execution for its clients. In limited instances, trades may be placed at another broker-dealer to acquire a security unavailable through Fidelity or otherwise based on the judgment of Nicholson Capital Management in the best interests of the client.

Nicholson Capital Management maintains various policies and procedures for review of order execution. It reviews order execution on a systematic basis to assure correct placement of the order, the best price and best execution and otherwise to protect its clients' interests. It further reviews its relationship with the current custodian in its entirety on a periodic basis. This periodic review covers the same factors considered in initially selecting the custodian, such as the full range and quality of services, execution compatibility, account access and information, rates, overall fees and account costs, and the prior experience, responsiveness, service, reputation, honesty, integrity and the financial stability of the broker or dealer, among other possible factors. In particular, Nicholson Capital Management reviews its past experience and relationship with the custodian.

Client Directed Brokerage Arrangements

In limited situations and upon our approval, a client may be able to select a broker/dealer of their own choosing and still participate in our investment management program. While NCM recommends the use of Fidelity, when a client directs the use of a particular broker/dealer or other custodian, we may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, clients with directed brokerage arrangements will not be able to participate in aggregate trades (i.e. block trades) and trades through a client directed brokerage arrangement may be placed by our firm after effecting trades in Fidelity accounts.

Block Trading Policy

Transactions implemented by Nicholson Capital Management for client accounts are generally effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the Firm when Nicholson Capital Management believes such action may prove

advantageous to clients. When Nicholson Capital Management aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Nicholson Capital Management determines to aggregate client orders for the purchase or sale of securities, including securities in which Nicholson Capital Management and employees may invest, the Firm will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Nicholson Capital Management does not receive any additional compensation or remuneration as a result of aggregation.

Item 13 – Review of Accounts

Account Reviews and Reviewers

All accounts are reviewed on an ongoing basis as economic or market conditions may indicate. If material changes occur in any investment held, or if there are significant changes in the investment objectives of clients, accounts are accordingly reviewed more frequently.

Reviews of all accounts are conducted by Jennifer Nicholson, President and Susanne Meyer, Portfolio Manager. They review the investments in each portfolio based on the client's investment objectives, needs and desires, and the corresponding asset allocation.

Statements and Reports

Clients will receive account statements, confirmation and other written information regarding their investments directly from their broker/dealer and other qualified custodian. Nicholson Capital Management prepares and delivers written reports to clients as requested by the client. These reports typically set forth the investments in the account and related date regarding the investments, depending on the request and arrangement with the client. Nicholson Capital Management usually provides these reports along with periodic reviews conducted with the client as agreed. Summaries regarding the investments and related information are also provided to clients. Clients are encouraged to always compare reports provided by Nicholson Capital Management against the accounts statements delivered from the broker/dealer-qualified custodian.

Item 14 – Client Referrals and Other Compensation

Other Compensation

- ✓ The only form of compensation received from advisory services is the fees charged for providing investment services as described in Item 5 of this brochure.
- ✓ We receive no other forms of compensation in connection with providing investment advice.
- ✓ However, please refer to Item 12 to read information regarding the benefits received from our brokerage arrangements.

Client Referrals

- ✓ Nicholson Capital Management may compensate persons for the solicitation and referral of clients. Prior to the client entering into an agreement with Nicholson Capital Management, full disclosure is made of the solicitation arrangement, including the compensation paid to the solicitor. Additionally, the solicitor must comply with the federal and state law regarding the absence of certain disciplinary events, disclosure and registration. The compensation paid to the solicitor will be based on a one to two year payment of a percentage of the annual fees as earned and as negotiated with each solicitor.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Nicholson Capital Management is deemed to have custody of client funds and securities whenever Nicholson Capital Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Nicholson Capital Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Nicholson Capital Management is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Nicholson Capital Management. When clients have questions about their account statements, they should contact Nicholson Capital Management or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Through our Investment Management Services program and upon receiving written authorization from a client in our agreement for services, Nicholson Capital Management will maintain **discretionary** trading authorization over client accounts. This will permit Nicholson Capital Management to have the authority to determine the type of securities, the amount of securities that can be bought or sold for the client's portfolio and the commission rates paid without obtaining the client's consent for each transaction.

Although we maintain discretionary trading authorization, all clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account.

Item 17 – Voting Client Securities

Nicholson Capital Management will not vote proxies on behalf of the client. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is the client's responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

Item 18 – Financial Information

This item is not applicable to this brochure. Nicholson Capital Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Nicholson Capital Management has not been the subject of a bankruptcy petition at any time.

Item 19 – Requirements for State-Registered Advisers

Information regarding the formal education and business background of the principal executive officers and management persons is supplied in the brochure disclosure supplement.

Nicholson Capital Management is not actively engaged in any business other than giving investment advice.

Neither NCM nor supervised persons are compensated for advisory services with performance-based fees.

Neither NCM nor management persons have been involved in an award or otherwise being found liable in a arbitration claim alleging damages in excess of \$2,500 involving any of the following:

- (a) An investment or and investment-related business or activity;
- (b) Fraud, false statement(s), or omissions;
- (c) Theft, embezzlement, or other wrongful taking of property;
- (d) Bribery, forgery, counterfeiting, or extortion; or
- (e) Dishonest, unfair, or unethical practices.

Neither NCM nor management persons have been involved in an award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) An investment or and investment-related business or activity;
- (b) Fraud, false statement(s), or omissions;
- (c) Theft, embezzlement, or other wrongful taking of property;
- (d) Bribery, forgery, counterfeiting, or extortion; or
- (e) Dishonest, unfair, or unethical practices.

Neither NCM nor a management person has a relationship or arrangement with any issuer of securities not listed in Item 10.C of Part 2A.

Item 20 - Business Continuity and Succession Plan

Nicholson Capital Management maintains a Business Continuity and Succession Plan in the event of loss of property or person. A copy of this Plan may be obtained by sending a written request to Janie Sanders, Vice President-Operations, 4600 Madison Avenue, Suite 150, Kansas City, Missouri, 64112.

Item 21 - Customer Privacy Policy Notice

We are required to deliver the following Customer Privacy Policy Notice to all clients initially upon establishing a relationship and annually thereafter. Nicholson Capital Management believes it important that each client understand the uses of the information gathered by our Firm.

In performing services, Nicholson Capital Management may gather non-public personal information about clients, as follows:

- ✓ Information Nicholson Capital Management receives in conversations, discussions and interviews.
- ✓ Information relating to the services Nicholson Capital Management renders.
- ✓ Information the client delivers to Nicholson Capital Management in a written or other format, however developed.
- ✓ Information prepared by and delivered by third parties acting on the client's behalf.

Please be advised that Nicholson Capital Management does not disclose any non-public personal information about clients to anyone except as permitted or required by law. Further, Nicholson Capital Management restricts access to non-public personal information about clients to associated persons and other certain service providers who need to know that information for Nicholson Capital Management to provide services to the client. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard client's non-public personal information.