

**Item 1 – Cover Page**



**Form ADV Part 2 Brochure**

**December 20, 2011**

First Washington Corporation

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This Brochure provides information about the qualifications and business practices of FIRST WASHINGTON CORPORATION [“First Washington” “FWCO”]. If you have any questions about the contents of this Brochure, please contact us at (206) 624-8320 and/or [tmcintyre@first-wash.com](mailto:tmcintyre@first-wash.com). Currently, our Brochure may be requested free of charge by contacting Teresa McIntyre at 206-624-8320 or [tmcintyre@first-wash.com](mailto:tmcintyre@first-wash.com). Our Brochure is also available on our web site [www.first-wash.com](http://www.first-wash.com) , also free of charge.

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.

FIRST WASHINGTON CORPORATION is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about FIRST WASHINGTON CORPORATION also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

In July, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Firm Brochure, dated December 20, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous document did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide other interim disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

FIRST WASHINGTON CORPORATION (“FWCO”), founded in 1937, is registered with the Securities and Exchange Commission as a broker-dealer, and as such is also engaged in providing brokerage services to its clients for compensation. FWCO clears its transactions through Pershing LLC. FWCO began providing advisory services in 2005. We are registered with the SEC and the State of Washington as an investment advisor.

FWCO is owned by Lewis Investors, LLC. Mr. David D. Lewis, Managing Member, indirectly owns 25% or more of First Washington.

#### **AMOUNT OF MANAGED ASSETS**

As of September 30, 2011, First Washington managed \$199,370,549 on a discretionary basis and \$0.00 on a nondiscretionary basis.

First Washington provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions, we identify a client’s goals and objectives.

FWCO offers the following advisory services to our clients:

#### **GENERAL SERVICES AND APPROACH**

First Washington provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions, we identify a client’s goals, objectives, time horizons, risk tolerance and liquidity needs.

Each advisory client chooses an individual representative and portfolio manager.

Investment decisions are generally made by the individual representative servicing the client’s account. We manage these advisory accounts on a discretionary or non-discretionary basis as indicated in the Client Agreement. Account supervision is guided by the client’s stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

FWCO focuses on individual stocks and cash and cash alternatives when building a client’s portfolio. While we recommend and provide advice on other types of products; however, individual stocks are our primary focus.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States government securities
- FWCO is authorized to enter into any type of investment transaction that it deems appropriate for its clients, pursuant to the terms of the account. FWCO does not currently advise clients on any types of investments other than those identified in this section.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **Item 5 – Fees and Compensation**

The fee schedule applicable as of this Brochure is as follows:

<b>Client Assets</b>	<b>Annual Fee (%) for all assets</b>
Up to \$10,000,000	1.00%
Over \$10,000,000	Negotiated

These fees are negotiable and the final fee schedule is attached as Schedule A of the Investment Advisory Agreement.

The specific manner in which fees are charged by FWCO is established in a client's written agreement with FWCO. FWCO will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize FWCO to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a

prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty.

FWCO's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to FWCO's fee, and FWCO shall not receive any portion of these commissions, fees, and costs, unless disclosed to the client.

Item 12 further describes the factors that FWCO considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

FWCO does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

FWCO provides portfolio management services to high net worth individuals, individuals, pension and profit sharing plans, charitable organizations and businesses.

FWCO generally requires a minimum account of \$250,000.00 to open a portfolio in our advisory.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

The advisors of First Washington work to manage this risk for clients through proper investment diversification and risk management. Advisors work with clients to ascertain their investment goals and risk tolerance. Using this information we build customized investment portfolios designed to maximize the chances of reaching these investment goals.

FWCO's investment philosophy is fundamentally oriented, based on the belief that over time the investment process is rational. Current and future developments that impact economies, industries, and individual securities can be evaluated. Disciplined investment decisions are then made, reacting and taking advantage of such developments. The style is oriented toward growth at a reasonable price (GARP) with a value component added while using all-cap universe. We use disciplined guidelines in both the purchase and sale of securities.

Changing economics and markets may require FWCO's portfolio managers to make adjustments to clients' holdings. Frequent trading can potentially affect investment performance through increased transaction and tax costs.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FWCO or the integrity of FWCO's management. FWCO has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **FIRM Registrations:**

In addition to FWCO being an investment advisor, our firm is registered as a FINRA member broker dealer.

### **MANAGEMENT PERSONNEL Registrations:**

FWCO is both a registered broker-dealer and a registered investment advisor.

Management personnel of FWCO are separately licensed as registered representatives in their capacity as brokers. These individuals, in their capacity as brokers, can effect securities transactions for which they will receive separate, yet customary compensation.

Clients should be aware that the receipt of additional compensation in our capacity as brokers creates a conflict of interest that may impair the objectivity of FWCO and these individuals when making advisory recommendations. FWCO endeavors at all times to put the interest of its clients first as part of our fiduciary duty. We take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We generally prohibit the receipt of both commissions and fees for managed accounts. Exceptions to this are clearly disclosed to clients;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's representatives and supervisors conducts regular reviews of client accounts and all transactions to verify that recommendations made to a client are suitable for the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;



- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

FWCO has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FWCO must acknowledge the terms of the Code of Ethics annually, or as amended.

FWCO anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which FWCO has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FWCO, its affiliates and/or clients, directly or indirectly, have a position of interest. FWCO's employees and persons associated with FWCO are required to follow FWCO's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FWCO and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FWCO's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FWCO will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FWCO's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between FWCO and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an

aggregated basis when consistent with FWCO's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FWCO will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

FWCO's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Teresa A. McIntyre.

It is FWCO's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FWCO will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

First Washington will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. FWCO, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds, mutual funds, ETFs and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded; (c) place orders for the execution of such securities transactions with third-party broker dealers.

First Washington does not maintain custody of your assets that FWCO manages; although FWCO may be deemed to have custody of your assets if you were to give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank.

First Washington will work with clients who wish to use broker dealers and custodians of their own choosing; however, FWCO will not be able to negotiate fees, commissions, or other charges these broker dealers or custodians impose on their clients.

First Washington's advisory clients may choose their own broker dealer and/or custodian. First Washington currently recommends the following two broker dealers, both of whom use Pershing, LLC as their clearing broker:

- First Washington Corporation, which is a dually-registered broker dealer and RIA, is an introducing broker-dealer that clears through Pershing. As an introducing broker-dealer, FWCO does not hold or custody client funds or securities. FWCO accounts are carried on a fully disclosed basis at Pershing, LLC, a BNY (Bank of New York) Group company. Pershing, LLC provides clearing services for FWCO. FWCO as the client's introducing broker-dealer and Pershing as the executing broker-dealer for securities transactions. For those clients that select FWCO as introducing broker-dealer, some client account order flow is routed through Pershing for execution, settlement, and custody. Clients are required to utilize Pershing as custodian and clearing broker when FWCO is the introducing broker-dealer. Because most of FWCO's clients currently select its broker-dealer affiliate, FWCO, to introduce trades to Pershing for execution, the client's selection of a non-recommend broker dealer/custodian may have some disadvantageous, as it may prevent the client's orders from being aggregated with orders of others. This use of another broker dealer can result in the client's transactions being executed after transactions placed with FWCO, which can result in less favorable terms.

When FWCO, as broker dealer, introduces transactions to Pershing for execution on behalf of a client, it will result in compensation to FWCO. The additional compensation generated includes, but is not limited to, ticket charges, cash management sweep programs and asset-based revenue sharing (12b-1 fees). Such payments to FWCO will not be offset against FWCO's investment management fee. Additionally, clients are responsible for account maintenance and termination fees charged by Pershing, if applicable, along with fees charged by Pershing for sending paper account statements and confirmations through regular mail. In order to avoid the charges for the delivery of account statements and confirmations, Pershing offers paperless delivery for client accounts.

The use of FWCO as the introducing broker-dealer presents conflicts of interest and gives FWCO incentive to recommend investments based on the compensation received, rather than on a client's needs. FWCO manages this conflict by choosing an investment vehicle that is in the best interest of the client without taking into account if FWCO is being compensated with 12b-1 fees or ticket charges. FWCO also

has an incentive to over trade in order to generate ticket charges for FWCO but also manages this conflict by making decisions in the best interest of the client and makes investment decision based on fundamental analysis as opposed to revenue generated for FWCO. These conflicts are disclosed to clients in this brochure and the Investment Advisory Agreement.

- FWCO also recommends the brokerage and custodial services of Pershing Advisor Solutions, LLC ("PAS"), a division of Pershing, LLC, subsidiary of The Bank of New York Mellon Corporation, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. PAS offers independent investment advisers services, which include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information. We believe that PAS provides quality execution services for you at competitive prices.

As a result of our relationship with PAS, we may receive certain benefits that include financial publications, information about particular companies and industries, and computer software, e.g. customized statements and reporting features. These products and services provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities.

In suggesting a broker dealer, we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. However, it may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through such broker as the firm recommends.

### **Directed Brokerage**

Clients designate the brokers to be used for effecting transactions in their account since, in most cases clients are participants in fee-in-lieu-of-commission brokerage fee programs; as a result, FWCO views and terms these arrangements as directed brokerage. Transactions for these clients are effected through the client's broker-dealer/custodian, with no commissions being charged on these transactions, since the broker dealer/custodian is

compensated according to the terms of the client's fee agreement with their broker dealer/custodian. In these situations FWCO is not free to seek the best price and execution for clients; therefore no assurance can be given that FWCO will be able to obtain the best price or execution for client whose assets are subject to these fees. Not all advisers and/or broker dealers require their clients to direct brokerage; some clients participate in managed account programs and choose to pay brokerage commissions instead of an asset-based fee.

In these directed brokerage relationships the client is responsible for negotiating brokerage compensation and other transaction costs with the financial consultant. A client may negotiate a brokerage compensation rate that exceeds the rate that could be obtained from another brokerage firm, or that FWCO's other clients may pay. Furthermore, FWCO may not be able to aggregate trades for the clients' account with those of other FWCO clients obtaining volume discounts and the price a client pays or receives for a security may be different from the price paid or received by FWCO's other clients who utilize different brokers/custodians. The directed broker and the broker dealer stand to benefit from providing custody and execution services.

FWCO's ability to trade fixed income securities for directed accounts may be limited by the inventory of that broker dealer. Clients must satisfy themselves that the directed broker can provide adequate price and execution for most or all transactions and that the brokerage compensation negotiated by the client is appropriate given the services that may be provided by the financial consultant, potentially including but not limited to, personal advice, retirement, estate, and education planning, manager selection, performance measurement, account and tax reporting, custodial and trade execution capabilities.

With respect to ERISA clients any direction by the plan sponsor must be in the best interests and for the exclusive benefit of the plan participants.

### **Brokerage Discretion – Prime Brokerage**

For a number of discretionary client accounts, FWCO currently has the discretionary authority to pick a non-related broker (other than a client's current Custodian) to execute trades. Each trade placed at a broker other than a client's selected Custodian will cost the client up to \$25.00, which is charged by the Custodian to settle the trade. This is in addition to any commission that may be paid to the broker dealer FWCO selects to buy or sell the security. No commissions or mark-ups or mark-downs are charged by FWCO in its role as broker dealer when it serves as the broker dealer for advisory accounts.

## **Soft Dollar**

FWCO may select brokers and dealers at least partially in recognition of the value of various research services or products, beyond transaction execution, that they provide to a client or to FWCO. The amount of compensation (including markups and markdowns on principal transactions with market-makers) paid by a client to a broker or dealer who provides those service and/or products may be higher than what another, equally capable broker or dealer might charge. Selecting a broker or dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars."

FWCO may use soft dollars to acquire a variety of "research" and "brokerage" services and products for which the client would not otherwise be required to pay. A federal statute, Section 28(e) of the Securities Exchange Act of 1934, as amended, recognizes that, while a conflict of interest could be involved in these activities, investment managers, such as FWCO, should not be considered to be breaching any fiduciary duty to advisory clients by engaging in the activity even if the brokerage commissions paid are higher than the lowest available-if certain conditions and requirements are met. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to FWCO in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for clients or to assist in effecting those transactions. To be protected under Section 28(e), FWCO must, among other things, determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e)'s "safe harbor" protects the use of client soft dollars even when FWCO uses research and brokerage services and products to benefit clients other than the client whose soft dollars are used.

As noted above, even though Section 28(e) establishes that using soft dollars for research and brokerage services and products does not breach any fiduciary duty FWCO may have, clients should realize that the activity can involve a conflict of interest because FWCO might otherwise have to pay cash for those services products and it may have an incentive to use brokers who provide those products and services more than it otherwise would.

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

## **Block Trades**

Transactions for each client may be effected independently, unless FWCO decides to purchase or sell the same securities for several clients at approximately the same time. FWCO may, but is not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts FWCO manages (this practice is commonly

referred to as “block trading”). FWCO will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when FWCO combine orders, each participating account pays an average price per share for all transactions and any “trade-away” commissions.

### **Trade Errors**

Occasionally, a trading error may occur where either FWCO, or our Advisors, are at fault. If this occurs in your account, the error will be corrected and your account will be restored to where it would have been had the error never occurred.

However, in the process of restoring your account, we may realize a profit or suffer a loss in connection with correcting this error. Neither losses nor gains will be passed on to you.

### **Item 13 – Review of Accounts**

The FWCO's portfolio managers and compliance officer continuously monitor accounts to identify and correct any transaction or valuation errors, and to implement investment strategies that serve each client's investment objectives. At a minimum, a review is conducted the day of and the day after any securities transaction in an account and after the end of each month. After the end of each month, the compliance officer reviews account statements and all investment professionals review investment performance, which is tracked monthly for each advisory account. More frequent account reviews are triggered by such factors as: a) awareness of a material change in a client's circumstances or investment objectives, b) significant changes in market conditions, c) changes in the portfolio manager's assessment of a security held in an account, and d) divergence of an account's investment performance from management's expectations.

The FWCO has investment accounts for approximately 150 clients. Four investment professionals have review responsibility for these accounts.

The FWCO and Pershing Advisor Solutions' clearing firm, Pershing, furnishes their clients with confirmations of trades or debit/credit advices promptly after completion of any portfolio transaction for which the FWCO has placed an order. The confirmations detail the principal amount, price, any commissions, and any SEC fees for each transaction. Pershing also furnishes each client and/or client's designated representative monthly account statements showing the activity in each of the client's accounts and the market value of each security in the accounts. The FWCO urges clients to carefully review these official custodial records and compare them to any other reports that the FWCO may provide.

FWCO, upon request, may provide additional reports showing the industry and sector diversification of a portfolio, the cost basis of securities held (where available), realized capital gains and losses, and other portfolio information. In addition, through meetings, telephone calls, and letters, FWCO regularly keeps clients informed of the investment policy and strategy for achieving clients' investment objectives. The nature and frequency of these reports and other communications are determined primarily by the particular needs of each client.

FWCO posts its privacy policy, business disruption recovery plan, this information pamphlet, and other disclosures on its website at and offers at least annually to send them to clients.

#### **Item 14 – Client Referrals and Other Compensation**

First Washington does NOT receive any economic benefit from anyone except our clients for providing investment advice to our clients.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FWCO reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

FWCO urges all clients to advise us immediately if they do not receive their custodian or brokerage statement. In addition, clients should compare any account information provided by FWCO with account statements from their broker-dealer or custodian and to advise us of any discrepancies. The official record of the client's account is maintained by the client's broker-dealer or custodian.

#### **Item 16 – Investment Discretion**

FWCO usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, FWCO observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, FWCO's authority to trade securities may also be limited by certain



federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to FWCO in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, FWCO does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies and other solicitations directly from their custodian or a transfer agent, not from us. If a client wishes to discuss a proxy they may call or email us to ask us our advice regarding voting the proxy.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. FWCO has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Other Information**

#### **Submission of Paperwork and/or Approval of Class Action Litigation**

FWCO does not accept responsibility in matters relating to class actions, including without limitation, approval of class settlements, bankruptcies or otherwise and will not complete or submit any paperwork on behalf of clients with regard to such matters.

#### **Unsupervised Securities**

Assets designated as "unsupervised" are neither managed nor charged a management fee by FWCO. FWCO assumes no responsibility for these assets.

**FWCO should be notified in writing if there are changes in a client's financial situation, if their investment objectives should be modified, if they have intentions of changing custodian or broker dealer, or if they have a change of address.**