

Item 1 Cover Page

Part 2A of Form ADV

Firm Brochure

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This brochure provides information about the qualifications and business practices of Nepsis Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (952) 746-2003. 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.

Additional information about Nepsis Capital Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

Please note that registration as an investment advisory firm does not imply a certain level of skill or training.

Item 2 Material Changes

We have added a new service, Research Services. More information about this service is contained in Items 4 and 5. This is an update since our prior filing of October 2011. We have also added an affiliate, Nepsis Advisor Services, Inc., which is a registered investment advisory firm. Details about this relationship are contained in Item 10 of this document.

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Item 4 **Advisory Business**

About the Firm

Nepsis Capital Management, Inc. is a registered investment adviser located in Minneapolis, Minnesota. We offer investment supervisory services and financial planning and consulting to you, our clients, through our investment advisor representatives. We also offer subadvisory services to other investment advisory firms and research services to unaffiliated third parties.

Description of Advisory Services

Portfolio Management Services

We provide discretionary portfolio management services where the investment advice provided is custom tailored to meet your needs and investment objectives.

Subject to any written restrictions, which you may provide, we will be granted discretion and authority to manage the account. Accordingly, we are authorized to perform various functions, at your expense, without your further approval. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. Once the portfolio is constructed, Nepsis provides continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require.

When appropriate, Nepsis uses Sub-Advisors, unaffiliated third party managers, to manage a portion of the client account. Clients receive the Form ADV disclosure brochures of these unaffiliated managers at the time they sign the Advisory Services Agreement. For their services, the Sub-Advisors receive a portion of the collected investment advisory fee.

You may instruct us to screen your account for companies that violate or potentially violate your desire for morally and or socially responsible investing. This screening program is marketed under the name of the MERIC program.

In the MERIC program, we will use “best efforts” in determining whether a company violates your desires for morally and or socially responsible investing.

We offer managed accounts with similar management styles for a percentage of assets under management that is inclusive or exclusive of transaction and custodial charges. The program offering advisory services that is inclusive of transaction and custodial charges is referred to as a wrap fee program, the program offering similar services but exclusive of transaction and custodial charges is referred to as a non-wrap fee program. There is no difference in how we manage wrap fee accounts versus how we manage other accounts. We receive a portion of the wrap fee for our services.

We manage client assets. As of December 31, 2011, our discretionary assets under management were \$160,000,000.

Financial Planning Services

We provide financial planning and consulting services, principally advisory in nature, to you regarding the management of your financial resources based upon an analysis of your individual needs. Our Investment Advisor Representatives who are qualified to provide financial planning services will advise on matters involving investments and non-investment related topics. Areas addressed may include tax planning, estate planning, retirement planning and college/education planning, among others. Once all pertinent information has been collected, reviewed, and analyzed, a written financial plan – designed to achieve your stated financial goals and objectives may be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives.

Financial plans are based on your financial situation at the time the plan is presented and are based on financial

information disclosed by you to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify Nepsis promptly.

SubAdvisory Services

We offer subadvisory services to other investment advisory firms. When doing so, we will provide the other investment advisory firm, or its clients, with investment research or suggested trades. We may have investment discretion for the other advisory firm's clients. The advice we give to these clients may be similar or identical to the advice we give you.

Research Services

We offer a variety of research services, including Research & Analysis, Portfolio Analytics, and Speaking Services. Our Research Services are designed for other financial advisors. These services are described below.

1. **Research & Analysis** which includes macro market commentary and is distributed in several documents.
 - a. Weekly Market Analysis PowerPoint known as "The Weekly Market Update"
 - b. Weekly Market Recap Word document known as "The BottomLine"
 - c. Monthly global topical research Word document known as "The Compass"
 - d. Quarterly Economic Update PowerPoint known as "Economic Update & Market Outlook"
2. **Portfolio Analytics** includes the development of mutual fund, variable annuity and ETF model portfolios
 - a. Quarterly written summary in Word document of each fund category, why we have chosen each option and if any changes are warranted why.
 - b. Quarterly Fund Rankings Excel Spreadsheet Stoplight report highlighting the ranking of each fund, the return of each model and how they performed vs. the market
 - c. Morningstar Report of each model and each fund option
3. **Speaking Services** which includes educational workshops to the public and CE classes for Kaplan
 - a. Financial Representatives may hire our representatives to speak at client educational workshops
 - b. Kaplan may hire our representatives to teach Asset Allocation & Beyond to their Continuing Education classes

Item 5 Fees and Expenses

For all Portfolio Management Services, we will either invoice you directly for management fees or payment will be made by the qualified custodian holding your funds and securities provided you provide written authorization permitting the fees to be paid directly from your account. The annual fee for portfolio management services is billed quarterly in advance based on the asset value at the end of the previous quarter or month as applicable. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter.

We charge accounts a maximum annual advisory fee of 2.50% of the value of assets under management. This fee is negotiable at the discretion of Nepsis. Our services are typically offered as a wrap fee program but some exceptions may be made.

Performance Reporting/ Account Maintenance Fee (Quarterly): \$21.25

The primary difference between the wrap fee program and the non-wrap fee program is that the fees in a wrap fee program are inclusive of transaction costs, whereas you retain responsibility for transaction costs associated with trades in a non-wrap fee program account. For more information about the wrap fee program account, you should review our disclosure brochure. You should be aware that by paying the transaction charges in addition to the annual advisory fee, you may be paying more than those clients who elect to have their assets managed through the wrap fee program. The transaction and custodial charges are not paid to us, but are instead paid to the Custodian of client assets.

The total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include your ability to: obtain the services provided within the programs separately with respect to the selection of investments, invest and rebalance the selected investments without the payment of a sales charge, and obtain performance reporting comparable to those provided within each program.

The Client may terminate the portfolio management agreement within five days of the date of execution without penalty to the Client. After the five-day period, either party may terminate the portfolio management agreement by providing written notice to the other party. In the event the portfolio management agreement is terminated during a calendar quarter, portfolio management fees will not be refunded. The Firm previously offered different fee schedules and Clients may have arrangements other than what is listed here.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Fees for Financial Planning and Consulting

Clients that contract with us for financial planning and consulting services will be charged based upon our negotiable hourly rate of \$250 or as a fixed fee agreed upon at the time you sign the investment advisory agreement. The fees for financial planning services are billed to you upon completion of the contracted services and are due and payable at that time.

You may terminate the financial planning agreement within five days of the date of execution without penalty to you. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event you terminates the agreement after five days of execution, you will only be charged for the portion of work performed by Nepsis.

You may act on our recommendations by placing securities transactions with any brokerage firm you choose. You are under no obligation to act on our financial planning recommendations. Moreover, if you elect to act on any of the recommendations, you are under no obligation to implement the financial plan through us.

Fees for SubAdvisory Services

For providing subadvice, we are compensated by third party adviser by a portion of the investment advisory fee.

Fees for Research Services

Our research services are available for the following costs. These fees are payable monthly, in advance.

1. **Research & Analysis** costs \$1500 per year
2. **Portfolio Analytics** costs \$4500 per year
3. **Speaking Services** cost \$1000 per educational workshop and \$400 per Kaplan Class

Other Fees Associated with Investing

Our advice may involve investment in mutual funds. All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there are transaction charges involved with purchasing or selling of securities. Nepsis does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. You should review all fees charged by mutual funds, us and others to fully understand the total amount of fees you will pay.

You do not typically pay custodial fees as we primarily offer our portfolio management services as a wrap fee program. Your trading costs are included in the Wrap Fee. You may be charged a fee for such things as margin interest, a fee for a retirement account, or a transfer fee. If you opt to pay your custodial and trading expenses, you should consult your custodial agreement for more information on what you will be charged.

Item 6 Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees.

Item 7 Types of Clients

We work with individuals, high net worth individuals, retirement accounts, charities, and other businesses.

We require a minimum of \$250,000 to open and maintain an advisory account. We may waive this requirement at our discretion if, for example, the Client appears to have significant potential for increasing assets under management.

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

We advise individual clients regarding the investment management of mutual funds, exchange-traded funds, variable annuities, variable life products, and separate account managers of equities and bonds. Under some circumstances, we may advise clients regarding other securities, such as individual stocks and closed-end funds. Investment strategies and policies as well as risks are included and described in the relevant prospectus and registration statement.

We use the following methods of security analysis:

- **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

We use the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks.

Our primary investment strategies - Long Term Purchases and Short Term Purchases are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Item 9 Disciplinary Information

Neither the Firm nor any of our management persons have been involved in any events that are material to a client's or prospective client's evaluation of the Firm or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

We have an affiliate, Nepsis Advisor Services, Inc., which is also a registered investment advisory firm. The representatives of Nepsis Advisor Services, Inc., may refer business to us for us to manage. This may create a conflict of interest in that we will receive compensation if these related persons refer us assets to manage.

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

Associated persons may buy or sell for their own accounts the same securities recommended to you. They may do so at the same time as they, or a related person, buy or sell the same securities for their own account. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to you. We request information about all of our associate's transactions and monitor them for any wrongdoing.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

We have adopted a Code of Ethics to instruct our personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm and our personnel owe a duty of loyalty, fairness and good faith to their clients, and the obligation to adhere not only to the specific provisions of the code but also to the general principles that guide the Code. The Code covers a range of topics including general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code to any client or prospective Client upon request.

Item 12 Brokerage Practices

We do not receive any research or other products or services other than execution from a broker-dealer or third party in connection with your securities transactions. Nor do we receive any client referrals from a broker-dealer or third party.

We typically recommend TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc. member FINRA/SIPC, as a custodian. We chose TD Ameritrade as our main custodian because of their customer service, technology, trade execution, and low expenses to clients. They have relatively low transaction fees, no custodial fees, provide many client services free of charge, and provide and document data on best execution for our review and monitoring.

You may instruct us to use one or more particular brokers for the transactions in your accounts. Clients who may want to direct us to use a particular broker should understand that this may prevent us from effectively negotiating brokerage compensation on your behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses and execution, clearance and settlement capabilities that you obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. You are encouraged to discuss available alternatives with your Investment Advisor Representative.

We may “bunch” buy or sell orders for two or more clients into a single large order, and place the bunched order with a single broker or dealer for execution. We are not obligated to place all transactions on a “bunched” basis. When determining whether to “bunch” orders, we rely on our judgment as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, we seek to avoid putting any client account at an advantage or disadvantage compared to our other client accounts that are buying or selling the same security.

Aggregate Trading

Block trading is permitted where the following conditions are met:

Orders of two or more clients may be bunched only if we have determined, on an individual basis that the securities order is:

1. In the best interests of each client participating in the order;
2. Consistent with our duty to obtain best execution; and
3. Consistent with the terms of the investment Advisory agreement of each participating client.

Where conducting a block trade, we will determine the accounts that will participate, and the specific allocations in advance of the transaction. If the entire order is filled, you will receive your portion of the allocation specified on the trade ticket. All allocations are prior to the close of business on trade date. Client accounts participating in the transaction will receive the weighted average price of the security and will incur a pro-rata share of the transaction cost.

Our books and records separately reflect, for each client for whom an order is bunched, the securities held by, purchased, and sold for that client.

Item 13 Review of Accounts

Review of Accounts

Mark Pearson, President and Chief Investment Officer, generally reviews accounts on a weekly basis but no less than quarterly to ensure the advisory services are consistent with your investment needs and objectives. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account or your request for an additional review.

Reports to Clients

We will provide you with a report on a quarterly basis. Additionally, you will receive statements directly from your account custodian(s) on a monthly basis.

Item 14 Client Referrals and Other Compensation

Outside persons, who we call Solicitors, who are directly responsible for bringing a Client to us, may receive compensation from Nepsis. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to you at the time of the solicitation or referral. Under these arrangements, you do not pay higher fees than our normal/typical advisory fees.

We enter into marketing arrangements with broker-dealer firms pursuant to which representatives of their firms, offer our services to the public. Through these arrangements, we will pay a cash referral fee both to the solicitor and to the broker-dealer firm based on a percentage of our advisory fee under the terms of a written agreement. The amount of the fee may vary depending on the broker-dealer firm.

Unaffiliated advisors, and/or investment advisory representatives may refer Clients to each other for advisory services in exchange for referral fees. Those unaffiliated advisors may in turn share a portion of the referral fee with other individuals/entities from whom the referral was generated.

In any case, applicable state laws may require these persons to become licensed either as representatives of us or as an independent investment adviser. We will request that our clients acknowledge this arrangement prior to acceptance of the Clients' account for advisory services.

Item 15 Custody

We have custody of client funds in that we deduct fees from your accounts. The custodian of your assets sends quarterly statements directly to you. You should carefully review those statements.

We also send performance statements to you, and we urge you to compare the account statements you receive from the custodian to those you receive from us.

Item 16 Investment Discretion

We request that you give us discretionary authority to manage your accounts by signing a written power of attorney. You may place reasonable restrictions on the types of securities or on specific securities that we may purchase or sell.

Item 17 Voting Client Securities

We do not vote proxies on your behalf. You retain that right unless you make other arrangements with the custodian of your assets. You will receive proxies or other solicitations directly from the custodian of your assets. You may contact us with questions about proxies.

Item 18 Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you.

Miscellaneous disclosures

Privacy Policies

Protecting Client privacy is very important to Nepsis. Nepsis views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Nepsis does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client's account, Nepsis may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

Nepsis restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the Client. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

Class Action Lawsuits

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. Nepsis has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. Nepsis also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Nepsis has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by Clients.

Where Nepsis receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.