

NORTHWEST ASSET MANAGEMENT



This brochure provides information about NWAM, LLC dba Northwest Asset Management's ("Northwest Asset Management", "Advisor" or "Firm") qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (206) 838-3680 or by email at info@nwasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Northwest Asset Management is also available at the SEC's website www.adviserinfo.sec.gov (under "investment adviser firm" and type in our Firm name).

We are a Registered Investment Adviser (RIA) Firm. Our registration as an RIA does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

ITEM 1 – COVER PAGE ADV PART 2 A

APRIL 11, 2012

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ITEM 2 – MATERIAL CHANGES

This brochure, dated April 11, 2012, has been prepared by Northwest Asset Management to meet new SEC requirements. It has changed materially since the document filed during the 2011 annual update in the following ways:

1. Item 4: Assets under management numbers have been updated. The contact number for Managing Member Greg Headrick was updated.
2. Item 10: Language was added to better describe certain NWAM employee's status of registered representatives of Purshe Kaplan Sterling Investments (PKS)
3. Items 12 and 14 verbiage were enriched with TD AMERITRADE verbiage.

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ITEM 4 – ADVISORY BUSINESS

4a: Firm Description

Northwest Asset Management was established in July 2008 by the managing member Gregory Allen Headrick, CFP, Chief Compliance Officer. The firm's main office is located in Mercer Island, Washington.

4a1: Principal Owners

Gregory Allen Headrick, CFP, Managing Member and Chief Compliance Officer. Mr. Headrick may be contacted by email at greg@nwasset.com or by telephone at (206) 838-3688. In the case where Mr. Headrick is unavailable to perform his role, Nelly Mubashi is the acting managing member.

4b: Types of Advisory Services

Northwest Asset Management offers a wide range of investment advisory and portfolio services tailored to meet its Clients' investment objectives. The Advisor works with each Client to provide a suitable investment strategy.

Client services include:

- Investment Planning/Investment Policy Statements
- Financial Independence/Retirement Planning
- Capital Needs Analysis (Goal Funding)
- Income Tax Planning
- Estate Planning
- Education Planning
- Risk Management (Life and Disability Insurance)
- Employee Stock Option Planning
- Fiduciary Consulting
- Strategic and Active Asset Allocation Strategies
- Dynamic Allocation Program

4c: Client Tailored Relationships and Restrictions

As a fiduciary, Northwest Asset Management always acts solely in the Client's best interests. Each Client's portfolio is customized based on the Client's investment objectives. Clients may make requests or suggestions regarding the investments made in their portfolio. Restrictions on trading that, in the Advisor's expert opinion, are not in the Client's best interest cannot be honored.

4d: Wrap Fee Program

General Information

Northwest Asset Management offers NWAM Choice Solutions, where appropriate, to interested prospects and advisory clients. NWAM Choice Solutions utilizes different custodians for the wrap free program. For more detailed information regarding our wrap fee program, NWAM Choice Solutions, please review the complete brochure.

Fidelity Investments

Northwest Asset Management may recommend Fidelity Investments as part of its NWAM Choice Solutions program. Some of the products and services made available by Fidelity Investments through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at Fidelity Investments. Other services made available by Fidelity Investments are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Fidelity Investments.

As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of Fidelity Investments for custody and brokerage services.

TD Ameritrade

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

Advisor participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its Clients, although Adviser receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools;

- Consulting services;
- Access to a trading desk serving adviser participants;
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);

- The ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information;
- Access to mutual funds with no transaction fees and to certain institutional money managers; and
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Adviser by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Adviser's associated persons. Some of the products and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD Ameritrade for custody and brokerage services.

4e: Assets under Management (AUM)

NWAM, as of December 31st, 2011, has \$385,460,119.49 in discretionary reportable Assets under Management and \$105,578,562.50 in non-discretionary reportable Assets under Management for a total of \$491,038,681.90.

ITEM 5 – FEES AND COMPENSATION

5a: Tiered Fee Schedule

Assets Under Management	Annual Fee (%)
Less than \$500,000	2.00%
\$500,000 to \$1,000,000	1.75%
\$1,000,001 to \$2,500,000	1.50%
\$2,500,001 to \$5,000,000	1.25%
\$5,000,001 and above	Negotiable

Notwithstanding the above, fees are generally negotiable.

Fees are paid quarterly in advance. This fee schedule may be found in Schedule A of your Investment Advisory Agreement. We request you provide us thirty (30) days' written notice if you decide to terminate your agreement. However, you may terminate the agreement at any time for any reason. Refunds will be considered on a case by case basis. The client may be responsible for custodial termination and transfer fees, if any, assessed by custodian. If applicable, refunds of unearned advance payments will be refunded to client within thirty (30) days of termination.

5b: Selection of Other Advisors' Fees

Northwest Asset Management does not select other advisors.

5c: Financial Planning Fees

Northwest Asset Management provides financial planning services for its Clients. Fees for planning services are based on an hourly rate of up to \$350.00 per hour, due at time of service. Advisor will also perform certain financial planning projects on a fixed fee basis. Services performed on a fixed fee basis require a retainer equal to one-half the fixed fee. The remaining balance will be billed in equal installments on a monthly basis until the project is completed. All invoices are due within 10 days of invoice. Special arrangement may be made with clients wishing to retain financial planning services on an ongoing basis.

For California Residents: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment Advisors disclose to their Clients that lower fees for comparable services may be available from other sources. Pursuant to California Rule 260.235.2, a conflict exists between the interests of the Advisor or its associated persons and the interest of the Client; the Client is under no obligation to act upon this Advisor's or associated person's recommendations. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the Advisor or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

5d: Fee Payment Options

Investment Management Fees

Advisory fees are withdrawn directly from the Client's accounts with Client written authorization.

Financial Planning Fees

Hourly financial planning fees are paid upon completion of the project.

Fixed fees are paid prior to work beginning or based on a mutually agreeable payment schedule. Fees will not be billed more than six months in advance.

All financial planning invoices are due within ten (10) days of invoice. Special arrangements may be made with Clients wishing ongoing financial planning services.

5e: Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees charged by Advisor.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a Client account.

ITEM 7 – TYPES OF CLIENTS

We generally provide asset management and financial planning services to the following types of Clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations

Minimum Account Size

There is no account minimum. However, the Advisor may decline to accept Clients with smaller portfolios.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

8a: Analysis

The Advisor uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, research prepared by others, corporate rating services, prospectuses, annual reports, filings with the SEC and company press releases.

8b: Investment Strategies

Northwest Asset Management provides a customized approach to investment management. Our process includes defining goals, assessing risk, developing a strategy, implementing the strategy, and monitoring progress. We provide ongoing reporting that can be accessed via the Internet or provided through monthly statements. We understand that every client has unique goals and risk tolerance and we design an investment strategy for those unique circumstances. Our investment management process utilizes a traditional and time-tested Strategic Asset Allocation approach that may be combined with new and innovative Active Asset Allocation strategies. We believe that having access to both of these approaches well equips our clients to invest in many different market environments.

8c: Risk of Loss

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

ITEM 9 – DISCIPLINARY INFORMATION

We do not have any legal, financial or other “disciplinary” items to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating our Firm and its associated persons.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

10a: Broker Dealers and Registered Representatives

Certain associated persons of Northwest Asset Management are registered representatives of Purshe Kaplan Sterling Investments (PKS), a FINRA broker-dealer firm. Employees who are registered representatives are paid fees/commissions based on sales of securities. When acting in the capacity of a registered representative, the Advisor and/or associated persons may place clients in investment products sold through this broker/dealer and may receive the usual and customary commissions or fees on the products that the client purchases. Receiving commissions on products may cause a conflict of interest. Therefore, the advisory client is free to select any broker dealer company the client desires for implementation of Advisor's recommendations. Northwest Asset Management, LLC is not affiliated with PKS.

10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Some of the principals and associated persons of the firm may be a Futures commission merchant, commodity pool operator, or commodity trading advisor. When acting in the capacity of any of those, the Advisor and associated persons may receive the usual and customary commissions or fees associated with those registrations. Receiving commissions may cause a conflict of interest. Therefore, the advisory client is free to select any commission merchant, commodity pool operator, or commodity trading advisor the client desires for implementation of Advisor's recommendations.

10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

The principal business of Advisor is that of a registered investment advisor and provider of financial planning services. Some of the principals and associated persons of the firm may be licensed as insurance agents and consultants. When acting in the capacity of an insurance agent, the Advisor and associated persons may receive the

usual and customary commissions or fees associated with the insurance products that the client purchases. Receiving commissions on insurance products may cause a conflict of interest. Therefore, the advisory client is free to select any insurance company the client desires for implementation of Advisor's insurance recommendations.

10d: Selection of Other Advisors or Managers and How this Advisor is Compensated for those Selections

Advisor does not select other advisors.

10e: Prime Broker Services (Trade Away)

Northwest Asset Management may offer to certain qualified clients, trading services which gives us the ability to execute trades through PKS of client assets custodied at Fidelity Investments or Schwab Institutional. Certain affiliated persons of Northwest Asset Management (Investment Advisor Representatives) may, in their capacities as

Registered Representatives of PKS, receive commissions or other compensation for these transactions. A conflict of interest may exist when, as a PKS Registered Representative, an Investment Advisor Representative receives commissions or additional compensation when the RIA recommends these transactions to clients.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

11a: Code of Ethics Description

As required by regulation we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you, our Client (or prospective client) and to stress the importance of a culture of compliance within our firm.

Advisor follows the Code of Ethics for Certified Financial Planners. A copy of the code can be found at <http://www.cfp.net/learn/codeofethics.asp>.

11b, c & d: Participation or Interest in Client Transactions

Advisor, or individuals associated with Advisor, may buy and sell some of the same securities for its own account that Advisor buys and sells for its Clients or non-Clients. In all instances, the Advisor will purchase a security for all of its existing Client accounts for which the investment is appropriate before purchasing any of the securities for its own account. Similarly, when appropriate, Advisor sell securities from all of its existing Client accounts prior to permitting the selling of the securities from its account. In some cases Advisor may buy or sell securities for its own account for reasons not related to the strategies adopted by the Advisor's Clients.

Advisor has a fiduciary duty to disclose all material information to allow the Client can make informed decisions about entering into or continuing the advisory relationship. Any perceived conflicts will be analyzed by the Advisor from the point of view of the Client. Examples of analysis would include whether the disclosure or lack of disclosure would unfairly influence the Client's decision related to their investments or work with the Advisor, would disclosure or lack of disclosure mislead the Client or take unfair advantage of the Client. If the above analysis demonstrates an element of unfairness the Client will immediately be informed of the relevant material information.

ITEM 12 – BROKERAGE PRACTICES

12a: Selecting Brokerage Firms

Except to the extent that you direct otherwise, we may recommend a broker-dealer. Northwest Asset Management participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. (“TD AMERITRADE”) member FINRA/SIPC/NFA. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Northwest Asset Management receives some benefits from TD AMERITRADE through its participation in the program. (Please see the disclosure under Item 14.a below.)

You are not obligated to effect transactions through any broker-dealer recommended by Northwest Asset Management. In recommending broker-dealers, we generally seek “best execution.” In recommending a broker-dealer we will comply with our fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934 and will take into account such relevant factors as (a) price, (b) the broker-dealer’s facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, (d) the research and related brokerage services provided by such broker or dealer to Northwest Asset Management, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors Northwest Asset Management considers to be relevant.

To avoid creating a possible conflict of interest in recommending broker-dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- Northwest Asset Management adheres to our Code of Ethics as outlined in Item 11 above.
- If Northwest Asset Management receives separate compensation for transactions, we will fully disclose them.
- Northwest Asset Management emphasizes the unrestricted right of you to select and choose your own broker or dealer.
- Northwest Asset Management will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to Northwest Asset Management, and because the "soft dollars" used to acquire them are client assets, it could be considered to be a conflict of interest in allocating client brokerage business: we could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation we might otherwise be able to negotiate. In addition, we could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

Northwest Asset Management's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), Northwest Asset Management will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described above, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade.

In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

ITEM 13 – REVIEW OF ACCOUNTS

13a: Periodic Reviews

Accounts are reviewed by Gregory Headrick, CFP or qualified staff members. All reviews are either conducted or supervised by Gregory Headrick, CFP. The frequency of reviews is determined based on the Client's investment objectives, but no less than quarterly. More frequent reviews may also be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.

Financial planning Clients receive their financial plans and recommendations at time service is completed. Depending on the type of financial planning service requested, Advisor will meet on a regular basis with Clients to discuss any potential changes to their financial plan.

13b: Review Triggers

More frequent reviews are triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

13c: Regular Reports

All investment advisory clients receive generic quarterly reports on representative investments recommended specifically by the Advisor. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis.

Financial planning clients do not normally receive investment reports.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients

As disclosed under Item 12 above, Northwest Asset Management participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Northwest Asset Management participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Northwest Asset Management by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Northwest Asset Management's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise.

The benefits received by Northwest Asset Management or our personnel through participation in the program does not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to

clients, Northwest Asset Management endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Northwest Asset Management or our related persons in and of itself creates a potential conflict of interest and may indirectly influence the our choice of TD Ameritrade for custody and brokerage services.

Northwest Asset Management may receive succession planning, practice valuation, and equity management services from third-party vendors through Advisor's participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, Advisor may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade.

TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Northwest Asset Management and there is no employee or agency relationship between TD Ameritrade and Advisor. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise Northwest Asset Management and has no responsibility for Northwest Asset Management's management of client portfolios or Northwest Asset Management's other advice or services to clients.

Northwest Asset Management's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflicts of interest. Advisor may encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, Northwest Asset Management may have an incentive to recommend to clients that the assets under management by Northwest Asset Management be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Northwest Asset Management's participation in the TD Ameritrade Institutional Equity Management Program does not relieve Northwest Asset Management of the duty to seek best execution of trades for client accounts.

Northwest Asset Management will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

ITEM 15 – CUSTODY

Qualified custodians, Schwab Institutional, Fidelity Investments and/or TD Ameritrade, hold clients' accounts. Advisor does not have custody of the assets in the account and shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or associated persons of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

ITEM 16 – INVESTMENT DISCRETION

The Client grants Advisor ongoing and continuous discretionary authority to implement the investment recommendations without the Client's prior approval of each specific transaction.

ITEM 17 – VOTING CLIENT SECURITIES

Advisor does not vote proxies on behalf of the Client.

ITEM 18 – FINANCIAL INFORMATION

18a: Financial Condition

The Firm has no financial issues that could impair our ability to carry out our fiduciary duty to our Clients. Advisor has not been the subject of a bankruptcy petition in the last ten (10) years.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

The Firm is currently registered with the SEC and only notice files with state regulatory agencies.