

**Item 1 - Cover Page**

# **NSB Advisors LLC**

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## **Firm Brochure**

March 28, 2012

This brochure provides information about the qualifications and business practices of NSB Advisors LLC (“NSB” or “Advisor”). If you have any questions about the contents of this Brochure, please contact us at (845) 897-1560. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities.

NSB Advisors LLC 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 NSB Advisors LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The Brochure dated March 28, 2012 is an annual update required by the SEC that amends our previous Brochure dated March 30, 2011. Specifically, we updated certain items and added information to keep you up to date about our qualifications and business practices. This section of the Brochure discusses only material changes to the brochure.

### Material Changes:

#### Item 4 - Advisory Business

Updated managed assets to \$1,233,000,000 at 12/31/11

Updated the number of managed accounts to 693 at 12/31/11

#### Item 7 – Types of Clients

Removed the reference to a limited partnership for which NSB no longer advises

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

Updated disclosure pertaining to the effect of margin calls

#### Item 12 – Brokerage Practices

Described changes in Clearing Agent relationship

#### Other Information – Privacy Policy

Added the existing Privacy Policy

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. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, you may request our Brochure by contacting us at (845) 897-1560.

Additional information about NSB Advisors LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with NSB who are registered investment adviser representatives of NSB.

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#### **Item 4 – Advisory Business**

NSB Advisors LLC (“NSB”) is a Maryland Limited Liability Company formed in March 2009. NSB Holdings Group LLC owns NSB Advisors LLC. NSB is an investment adviser registered with the SEC. NSB offers to its clients the Counterbalance Investment Strategy, in which NSB employees provide investment advisory services to client accounts on a discretionary basis (the “Strategy”).

Under most market conditions the Strategy utilizes a “market neutral” (long/short) portfolio approach. Clients are not participating in a “relative return” investment Strategy. The goal of the Strategy is to produce a positive return each year and to experience less volatility than the aggregate market. The goal is not to outperform any specific market, or to have a portfolio value track the overall financial markets.

NSB modifies Strategy accounts based upon individual clients’ circumstances and objectives, although the character of the equity portion of each account and the corresponding hedge are typically similar for each Strategy client.

Each client can impose reasonable restrictions on the management of its account, including restricting particular securities or types of securities. If NSB believes that the instructions are unreasonable or inappropriate for the client, NSB may ask the client to modify the instruction or it may cancel the account.

NSB manages each Strategy account individually and such management may involve different timing with respect to the purchase and/or sale of particular securities, although Strategy accounts have similar foundational elements. Therefore, execution of purchases and sales of securities happen in different Strategy accounts at different times or in some Strategy accounts but not others. The liquidity of securities in the Strategy accounts, the availability of securities for purchase and different client needs and objectives affect the execution timing.

NSB may give advice and take action in the performance of its duties to a client that may differ from advice given to another client. The timing and nature of action taken with respect to Strategy accounts may differ among individual clients.

#### *Managed Assets*

As of December 31, 2011, NSB Advisors LLC managed approximately \$1,233,000,000 in assets for 693 accounts. NSB manages all of the assets on a discretionary basis.

#### **Item 5 – Fees and Compensation**

The standard annual fee is 3.0% on the first \$250,000 of assets, 2.5% on the next \$750,000 of assets and is negotiable on the balance. The fee is payable in advance and is computed at the inception of services and at the beginning of each calendar quarter thereafter. The initial fee payment is prorated for the then current quarter on the date the Strategy account is

accepted by NSB and is based on account asset value on that date. Each client expressly authorizes the Clearing Agent (currently CL King & Associates) or its agent to debit fees of NSB and Clearing Agent from the client's account.

All fees are subject to negotiation depending on specific client circumstances.

NSB's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by or on behalf of the client. Clients may incur certain charges imposed by custodians, brokers 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, disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to NSB's fee, and NSB shall not receive any portion of these commissions, fees and costs.

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

Clients may close their account at any time by written notice to NSB. If a client terminates the Strategy agreement during a quarter NSB will refund a pro-rata portion of the fee paid in advance for that quarter to the client. Upon termination, NSB will have no obligation to take any action with respect to the client's assets.

Established fees will only increase or decrease if the applicable client executes a new agreement or executes a new fee schedule.

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

NSB 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**

NSB provides investment advice to individuals, pension and profit sharing plans, trusts, estates and charitable organizations as well as corporations and business entities.

- Clients must enter into an agreement with NSB setting forth the terms and conditions under which NSB shall provide such services.
- All Strategy clients are required to open options accounts and maintain the ability to trade options with their account's custodian.
- All Strategy clients are required to open a margin account unless their account type prohibits margin activity.
- Under certain circumstances, NSB may waive the minimum initial investment of \$250,000 required to participate in a Strategy account including by combining related accounts to meet the minimum.

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

The Strategy seeks to provide clients with a total return composed of three main components:

- 1) income derived from portfolio investments,
- 2) the under/over performance of the selected long portfolio in comparison to a market-tracking index, and
- 3) premiums paid to the client from the hedging activity of writing “uncovered” (short) calls on a market-tracking index.

There may come a time when hedging activity other than uncovered call writing becomes appropriate. Under these conditions, the return from uncovered call writing may not be available and the alternative hedging activity may become a portfolio expense. We expect these occurrences will be infrequent and of short duration, except in IRA accounts where uncovered call writing is generally prohibited. As such, when engaging in hedging activity the Advisor may consider a Strategy participant’s entire relationship with the Strategy (e.g. multiple accounts, including IRA accounts and non-IRA accounts owned individually or jointly by a Strategy participant).

In building the Strategy portfolio, the Advisor attempts to extract as much “market risk” as possible (or advisable) from the portfolio, leaving the investment merits of the long holdings as an important determinant of portfolio performance.

### *Security Selection*

NSB employs both a “top down” and a “bottom up” approach in selecting securities for investment. NSB uses fundamental, technical and economic-trend analysis in evaluating securities to include in the portfolio. If the “top down” macro view uncovers a situation (or situations) that appears to favor an industry, group of businesses, or individual company, it is considered for investment. If an industry, group of businesses or individual company appears attractive because it appears “undervalued” (“bottom up” approach), NSB will consider it for investment. If the “bottom up” analysis produces an “undervalued” investment or the “bottom up” search yields an investment that also fits a macro opportunity, NSB will also consider the security as a portfolio investment. A security does not automatically make it into the portfolio because it is both “undervalued” and fits with the macro view. NSB also considers potential fundamental imbalances (overreliance on specific external conditions) in the portfolio. NSB holds balance in the portfolio in higher regard than simple diversification. Because of this, NSB considers asset classes other than equities for inclusion in the portfolio.

### *Hedging Techniques*

NSB seeks to reduce the risk in each client’s portfolio from the price volatility inherent in the overall equity market. It will typically do this by creating bear call spreads, writing uncovered calls, and/or, under certain circumstances, purchasing puts or inverse exchange-traded funds on an appropriate amount of an underlying market-tracking index. The offsetting position is the long portfolio. The goal is a “market neutral” portfolio where the “long” investment

positions held are roughly equal in dollar amount to the underlying value of the short positions. There may be times when the underlying value of the short positions may exceed the value of the long portfolio.

Selling “uncovered” calls and thereby establishing the short position to hedge the long portfolio generates a credit (premium) paid into the account in the form of cash. The credit or premium has two components, the “intrinsic value” and the “time and volatility premium”. The size of the “time and volatility premium” is determined in the marketplace by the time value of money (risk-free investment rate) and perceived market volatility at the time. Accounts collect portions of the credits generated by selling uncovered calls throughout the year and this adds to portfolio performance. This is similar to traditional “covered call writing” programs that produce income, absent the potential of having long positions “called away,” thus losing an attractive portfolio holding, and likely creating a “short-term” taxable event.

No hedge is perfect in theory or in practice. Short index call positions, created when writing “uncovered calls” and creating “bear call spreads” can be taken away (assigned), leaving a portfolio temporarily un-hedged. Markets can move down through the short index call strike-price leaving the portfolio un-hedged below that point. At that point, the risk in the portfolio becomes that of a long-only portfolio composed of the specific investments in the portfolio. As the market moves down, NSB will attempt to lower the strike price of the short call position to add downside protection for the portfolio. Typically, NSB can accomplish this quickly and easily. There is the possibility, however, that events with the potential of putting extreme pressure on markets happen when those markets are closed. If this happens at a time when the short call position has been assigned and before NSB can reestablish the position, the Strategy account will be temporarily un-hedged, and would become a long-only portfolio subject to market risk. On the other hand, the market associated with the market-tracking index may appreciate while the long positions move in the opposite direction, resulting in the Strategy client experiencing a loss if the premium generated by the uncovered call writing is not sufficient to offset this divergence. The same effect may occur if the market-tracking index and the long positions in the portfolio both appreciate, but the market-tracking index appreciates in an amount greater than the uncovered call writing premium, or if the market-tracking index and the long both depreciate, with the long positions depreciating in an amount greater than the uncovered call writing premium. Generally, to generate a profit, the long positions in the portfolio must perform better than the difference between the performance of the market-tracking index on which the uncovered calls are written less the time and volatility premiums collected.

There is the potential that the market associated with the market-tracking index may appreciate materially. Since a client’s portfolio may be concentrated in a few securities (see “Concentration” below), if a concentrated position were to move in the opposite direction of the market, a Strategy client may experience significant market losses.

NSB monitors and adjusts the hedge position to market conditions by considering the offsetting factors of: (a) the amount of portfolio protection created by the hedge, and (b) the amount of “time and volatility” premium income (determined in the marketplace by the value of money, volatility and time until expiration) available from call writing.

NSB monitors the long portfolio for changing macro conditions and changing conditions specific to individual investments. A portfolio goal is to hold positions at least long enough to achieve long-term capital gains taxation treatment, and optimally for several years, unless a position becomes substantially overpriced or the investment thesis changes.

### *Risk Disclosure*

NSB does not guarantee the future performance of a client's Strategy account or any specified level of performance or the success of the overall management of the client's Strategy account. NSB also does not guarantee that it will meet a client's Strategy investment objectives. A client's Strategy account is subject to various market, currency, economic, political and business risk, and there is a risk that an account may lose money. Investing in securities involves risk of loss that clients should be prepared to bear.

### *Illiquidity*

Typically, there are significant holdings in client accounts that are essentially illiquid in nature, and therefore clients should consider a significant percentage of their account as long-term investments. Some companies have no public market or a limited market, in each case with no assurance that one will develop. Securities of certain of these companies do not trade regularly. In the event of a negative corporate development or a downturn in the market, there may be no ability to trade out of the position, thereby magnifying a client's market risk.

### *Conflict of Interest*

The Advisor and/or family-related accounts own a material position in certain of the securities that are purchased or sold in Strategy clients' accounts. As a result, purchasing or selling these securities in clients' accounts may financially benefit the Advisor's (and/or family related accounts') holdings.

The Advisor may recommend securities of certain of the companies in which the Advisor has material business interests. For example, the Advisor may recommend securities of companies with respect to which the Advisor serves as the financial advisor (i.e., broker) for certain officers and/or directors of the companies. These relationships could have an impact upon NSB's decision to invest Strategy accounts in the securities of these companies.

### *Concentration*

Concentration Across Strategy Participants: Strategy accounts typically invest in the securities of certain companies whose share ownership is concentrated among Strategy participants. Therefore, Strategy clients often hold a significant percentage of the outstanding shares of a class or multiple classes of equity securities of a company, and the Advisor typically has a significant ownership concentration in these same securities. Holdings across Strategy participants can be greater than 50% and are typically in excess of 10%. Holding concentrated positions in illiquid securities exposes Strategy clients to the additional risk of potentially being unable to dispose of any holding in a security with a thinly traded market.

*Concentration within Portfolios:* Concentrated positions within a client's portfolio also expose clients to a material loss if one of these holdings materially decreases in value, and the potential for loss increases if the security is also illiquid. *Holding larger portions of a company's stock results in greater liquidity risk, the risk that the Advisor may have difficulty selling securities and that the act of buying or selling such securities may significantly impact price.*

The Advisor believes that industry and sector diversification within the Strategy is important and attempts to diversify across several industry sectors to mitigate the effect of deleterious external events on any one industry or sector of the economy. However, the Advisor may choose to concentrate investments in a limited number of industries or sectors.

### *Options Risks*

Trading in options, and in particular, uncovered option strategies, involves significant economic risk.

### *Micro/Small Cap Company Risk*

The Advisor invests in Companies that include micro/small cap companies. Investments in micro/small cap companies involve extreme business and financial risks, including less transparency in the companies due to the lack of research coverage, and the potential for greater "company management" risk. Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons, such as narrower markets, limited financial resources and less liquid stock.

### *Margin*

NSB uses certain option strategies, such as "naked" (short) call strategies, that require the use of a *margin account*. Certain securities in the accounts will be margined and, because of the concentrated nature of certain of the holdings and the nature of the issuer of securities to be margined (for example, a low priced security), the Clearing Agent may decline to extend or may restrict credit to a client for some or all of the securities. This could result in Strategy clients having less borrowing power in their Strategy account, and therefore subject Strategy clients to house and/or Federal Reserve calls because of the investment activities of Advisor. House and/or Federal Reserve calls could lead the Clearing Agent to sell securities in an account without notice to the client, potentially yielding significant losses.

## **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 NSB or the integrity of NSB's management. NSB has no information applicable to this item.

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

NSB does not engage in other financial industry activities. NSB does not have any relationship or arrangement that is material to its advisory business with any affiliated financial industry participants applicable to this Item.

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

NSB 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, 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 NSB must acknowledge the terms of the Code of Ethics annually or when amended.

NSB's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting NSB at (845) 897-1560.

NSB anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which NSB has investment authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which NSB, its affiliates and/or clients, directly or indirectly, have a position of interest. NSB's employees and persons associated with NSB are required to follow NSB's Code of Ethics. Employees of NSB may trade securities for their own accounts that NSB recommends and/or purchases for clients if this policy and applicable laws are satisfied.

All NSB employees and members of their immediate families may purchase or sell securities of an issuer before, after or with the purchase or sale of securities of the same issuer by client accounts. The employee must receive approval of personal securities transactions by a designated compliance officer prior to execution. The compliance officer approves the trades if the proposed transaction does not impair the interest of clients. The employee must verify that he has taken the steps necessary to comply with the personal trading policies and procedures of NSB. The Code of Ethics also allows personal trades on the same day as trades for client accounts if the personal trades are executed after all pending client trades. If an employee places a personal trade on a day when NSB does not anticipate client trades, client trades may be executed on the same day if, in NSB's judgment, unanticipated market developments make client trades desirable and if the benefit of any more advantageous price obtained in the personal trades is reallocated to one or more client trades. Employees generally execute personal trades at different times, at different prices, and in different amounts than for client accounts.

NSB employees may buy and sell securities actively for their own personal account. These personal investments may include both securities that the Advisor buys and sells for a broad range of client accounts and other securities. Employees may engage in short-term trading for their own account, in contrast to accounts under the Strategy, which involves long-term investments in a small number of securities; these short-term trades generally involve different securities from those purchased for client accounts. Employees also may purchase securities for

longer-term investment that NSB buys either contemporaneously and/or subsequently for client accounts. Securities purchased under the Strategy are securities of companies that the Advisor gets to know over a period of time before buying securities of those companies for a broad base of client accounts. While the Advisor is getting to know a company, employees may purchase securities of that company for their own personal account and for a limited number of client accounts as an early look at the company. These early look securities are purchased only for client accounts that requested to buy some or all of the securities that certain employees buy for their personal accounts. In some cases, NSB may later buy that security for Strategy accounts; and in other cases, the Advisors may determine not to purchase the securities for Strategy accounts.

Under the Code of Ethics, transactions in certain classes of securities are exempt, based upon a determination that these would not materially interfere with the best interests of NSB's clients. The Code requires pre-clearance of many transactions. There is a possibility that employees might benefit from market activity by a client in a security held by an employee. NSB monitors employee trading under the Code of Ethics to prevent conflicts of interest between NSB and its clients.

### *Cross Trades*

If in the best interest of the client, NSB may effect cross transactions between eligible managed accounts. Certain accounts may not be eligible to participate in cross transactions because of regulatory issues, e.g., ERISA accounts. Cross transactions typically occur in less liquid securities when an account may sell a security that a portfolio manager may want to buy in another account. NSB obtains competitive bids and offers in the marketplace and the final price is either the midpoint of the bid/offer or the best bid/offer. There is a possibility that despite NSB's best efforts, a client may receive a more favorable execution price in the marketplace than that of the cross transaction. NSB does not receive any compensation for such trades executed on behalf of clients.

It is NSB's policy that the firm will not effect any principal or agency cross securities transactions for 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 occur 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. NSB is not affiliated with a broker-dealer or with a hedge fund and NSB does not act as a broker for advisory clients.

## Item 12 – Brokerage Practices

NSB selected CL King & Associates, Inc. (“CL King”) as the broker-dealer to execute most equity transactions (the “Clearing Agent”), based on its familiarity with the investment advisory business and its ability to provide investors with performance reports. NSB negotiated commission rates with CL King, which it believes to be fair, reasonable and consistent with current market rates. However, NSB does not seek to obtain, and makes no assurance that the commission rates charged by CL King are the lowest available in the marketplace. Clearing Agent or its agent shall generally maintain custody of all client assets. NSB and CL King are not related or affiliated.

CL King provides NSB with certain other administrative, computer software and documentation services in order that NSB may provide the services described below. CL King does not provide any of the consulting, advisory or evaluation services to NSB clients with respect to the Strategy described herein. NSB compensates CL King, its current Clearing Agent and the provider of the above described administrative and other services, pursuant to a Services Agreement. The Services Agreement that covers custody and other services with CL King is being terminated, and the services CL King provides, including services as Clearing Agent, are in the process of being replaced with arrangements with one or more other vendors.

NSB periodically reviews trades executions of each broker-dealer that executes trades for client accounts. The NSB policy manual outlines procedures for this the review. NSB does not receive any portion of the trading fees.

Not all investment advisers require their clients to use a specific broker-dealer for trade execution. Clients may pay higher brokerage commissions or may receive less favorable prices than may be available at another brokerage firm.

### *Trade Allocation and Aggregation*

When NSB is buying a security for client accounts in the Strategy, principals of NSB review accounts individually to determine whether to buy that security for a particular client and to determine the quantity to purchase. In determining how much of a security to purchase for client accounts, NSB considers such factors as it deems relevant, including, but not limited to, the following:

- The financial needs, psychological makeup and cash flow profile (both money in and money out) of the account owner(s).
- How fully invested an account is relative to other accounts.
- Account diversification and position concentration relative to other accounts.
- The tax situation of a client/account.
- The price, value and general outlook of an investment, and how these combined factors will affect the overall account.

At times, NSB allocates a single transaction across a broad swath of accounts with various owners when NSB deems it advisable and appropriate (based on the factors outlined

above). At other times, NSB allocates a single or several transactions to a single account or a group of accounts if NSB deems it advisable and appropriate based on those factors.

As a result, NSB often does not place aggregated, block orders for all client accounts at the same time. Instead, NSB may place purchase orders for a given security in different quantities, on different dates, at different times, and at different prices for different Strategy accounts, individually or in groups of accounts. Because of different account profiles and account histories, not all accounts hold the same securities or in the same proportions. An account may obtain a less favorable price than another account in the same security.

### **Item 13 – Review of Accounts**

Portfolio managers and other operations or compliance personnel review accounts continuously and at least quarterly. Changes in market conditions, changes in clients' needs and maturity of investments trigger additional reviews. NSB reviews the accounts for compliance with the investment policies, limitations and restrictions of the clients.

NSB provides clients with periodic written reports of relevant activity. NSB or the Clearing Agent will provide to each client a monthly performance report that tracks a Strategy account's performance.

The Clearing Agent at present transmits to the clients the following reports:

- Trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act;
- Periodic statements of client's account itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income during the preceding calendar month;
- Statements of securities in custody, listing securities held in the account, submitted at least quarterly; and
- An annual summary of transactions, and dividend and interest statements.

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

Pursuant to a written agreement, NSB pays a portion of a client's management fee to Brown Advisory Holdings Inc. for that client's referral to NSB.

### **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. NSB urges clients to carefully review such statements and compare such official custodial records to the account statements that NSB may provide to clients. NSB statements may vary from custodial

statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

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

NSB usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to buy or sell. NSB exercises such discretion in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, NSB observes the investment policies, limitations and restrictions of the clients for which it advises.

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

As a matter of firm policy and practice, NSB 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 all securities maintained in client portfolios. At all times, clients have the right to vote securities, or delegate the authority to vote securities to another person.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about NSB's financial condition. NSB 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.

### **Other Information – Privacy Policy**

Set forth below is the NSB Privacy Policy.

NSB Advisors LLC takes the confidentiality of your personal information and the privacy of your account very seriously. Our commitment to safeguard your personal information goes beyond our legal obligation to process your transactions accurately and securely. Whether we serve you online, in person, on the telephone or by mail, the principles that guide the way in which we conduct business are built upon the core values of trust and integrity.

We limit access to your personal information to only those employees with a business reason to know such information. We train and consistently remind all employees to respect client privacy and to recognize the importance of the confidentiality of such information. Those who violate our privacy policy are subject to disciplinary action. This commitment also applies to the sharing of information among NSB Advisors LLC and its affiliates.

We maintain physical, electronic and procedural safeguards that comply with applicable laws and regulations to protect your personal information, including various measures to protect your personal information while it is stored electronically.

Federal law requires us to inform you that we have on record personal information about you and that we obtain such information from you directly (e.g., information you provide to us on account applications and other forms, such as your name, address, social security number, occupation, assets and income) and indirectly (e.g., information on our computer systems about your transactions with us, such as your account balance and account holdings). Any personal information you choose to provide is kept confidential and allows us to: (i) provide better and more complete investment and strategic advice; (ii) develop new services that meet additional needs you may have; and, (iii) comply with legal and regulatory requirements.

In addition, in the normal conduct of our business, it may become necessary for us to share information relating to our clients that we have on record, as described above, with companies not affiliated with us who are under contract to perform services on our behalf. For example, we have contracted with companies that provide clearing services and other vendors that provide services directly related to your account relationship with us. Our agreements with these companies require that they keep your information confidential and not use such information for any unrelated purpose.

We do not sell information about you to third parties, and we do not otherwise disclose information to third parties without your permission or unless required by law or legal process. If you have any questions concerning this Policy, please contact NSB Advisors at 845-897-1560.

## **Item 1- Cover Page**

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### **Brochure Supplement**

March 28, 2012

**This Brochure Supplement provides information about William F. Nicklin that supplements the NSB Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact us at (845) 897-1560 if you did not receive NSB Advisors LLC's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2- Educational Background and Business Experience**

Mr. William F. Nicklin has been a Portfolio Manager with NSB Advisors LLC since the inception of the firm in July 2009. He was born on April 17, 1943. Mr. Nicklin graduated from Lafayette College with a degree in Economics in 1965. He has been in the securities industry since 1968 and has since received numerous professional recognitions starting in 1982 by being included in Yale Hirsch's Directory of Exceptional Stockbrokers profiling the top 125 stockbrokers in the U.S., and most recently in R.J Shook's 2002 book The Winner's Circle – How 30 Financial Advisors Became The Best in the Business.

### **Previous Experience:**

- Financial Advisor and Partner of Brown Advisory (2004 – December 2010)
- Senior Vice President of Investments at UBS Paine Webber (1999 – 2004)
- Managing Director of Alex. Brown & Sons (1978 – 1999)
- Vice President of White Weld (1977 – 1978)

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## **Item 4- Other Business Activities**

Registered investment advisers are required to disclose if any supervised person is actively engaged in any investment-related business or occupation and any relationship between the advisory business and those other businesses. No information is applicable to this Item.

## **Item 5- Additional Compensation**

Registered investment advisers are required to disclose if any supervised person receives an economic benefit for providing advisory services. No information is applicable to this Item.

## **Item 6 – Supervision**

William F. Nicklin is the manager member of NSB Advisors LLC and maintains the responsibility to supervise the operation of the firm. This supervision extends to the ongoing review of the firm's business practices and monitoring the advice given to clients.

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## **Item 1- Cover Page**

**Christine M. Murphy**

**NSB Advisors LLC**  
200 Westage Business Center Drive, Suite 228  
Fishkill, NY 12524  
(845) 897-1560

**Brochure Supplement**  
March 28, 2012

**This Brochure Supplement provides information about Christine M. Murphy that supplements the NSB Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact us at (845) 897-1560 if you did not receive NSB Advisors LLC's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2- Educational Background and Business Experience**

Mrs. Christine M. Murphy has been a Portfolio Manager with NSB Advisors LLC since the inception of the firm in July 2009. She was born on August 12, 1971. Mrs. Murphy graduated from Elmira College with a BS in Business Administration/Marketing in 1993. Mrs. Murphy began working with Mr. Nicklin in March of 1999 at UBS Paine Webber as an Investment Associate.

Previous Experience:

- Financial Advisor and Principal of Brown Advisory (2004 – December 2010)
- Investment Associate at UBS Paine Webber (1999 – 2004)
- Associate at Alex. Brown & Sons (1996 – 1999)

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of each supervised person providing investment advice. No information is applicable to this Item.

#### **Item 4- Other Business Activities**

Registered investment advisers are required to disclose if any supervised person is actively engaged in any investment-related business or occupation and any relationship between the advisory business and those other businesses. No information is applicable to this Item.

#### **Item 5- Additional Compensation**

Registered investment advisers are required to disclose if any supervised person receives an economic benefit for providing advisory services. No information is applicable to this Item.

#### **Item 6 – Supervision**

William F. Nicklin is the manager member of NSB Advisors LLC and maintains the responsibility to supervise the operation of the firm. This supervision extends to the ongoing review of the firm's business practices and monitoring the advice given to clients. Questions related to the operation of the firm and the supervision of Mrs. Murphy may be directed to Mr. Nicklin at (845) 897-1560.

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#### **Item 1- Cover Page**

**Jeffrey A. Schlesinger**

**NSB Advisors LLC**  
200 Westage Business Center Drive, Suite 228  
Fishkill, NY 12524  
(845) 897-1560

**Brochure Supplement**  
March 28, 2012

**This Brochure Supplement provides information about Jeffrey A. Schlesinger that supplements the NSB Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact us at (845) 897-1560 if you did not receive NSB Advisors LLC's Brochure or if you have any questions about the contents of this supplement.**

#### **Item 2- Educational Background and Business Experience**

Mr. Jeffrey A. Schlesinger has been a Portfolio Manager with NSB Advisors since August 2009. He was born on February 20, 1960. Mr. Schlesinger holds an MBA in finance from the University of Denver and a BA in economics from the University of Virginia. Mr. Schlesinger was a Managing Director in the European division of UBS Investment Bank. After a twelve-year career as an equity analyst at UBS, Mr. Schlesinger led the global tactical research initiative at UBS. During his tenure as a senior equity analyst, Mr. Schlesinger was consistently recognized by independent surveys, including Institutional Investor, Extel, and Greenwich, as one of the top

communications equipment analysts. Mr. Schlesinger also led the European Technology research team from 2005 through 2007.

Previous Experience:

- Partner of Brown Advisory (August 2009 – December 2010)
- Managing Director at UBS Investment Bank (1995 – 2009)

**Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of each supervised person providing investment advice. No information is applicable to this Item.

**Item 4- Other Business Activities**

Registered investment advisers are required to disclose if any supervised person is actively engaged in any investment-related business or occupation and any relationship between the advisory business and those other businesses. No information is applicable to this Item.

**Item 5- Additional Compensation**

Registered investment advisers are required to disclose if any supervised person receives an economic benefit for providing advisory services. No information is applicable to this Item.

**Item 6 – Supervision**

William F. Nicklin is the manager member of NSB Advisors LLC and maintains the responsibility to supervise the operation of the firm. This supervision extends to the ongoing review of the firm's business practices and monitoring the advice given to clients. Questions related to the operation of the firm and the supervision of Mr. Schlesinger may be directed to Mr. Nicklin at (845) 897-1560.