

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

MARCH 12, 2013

CRD #: 147923

7900 SE 28TH STREET, SUITE 412, MERCER ISLAND, WASHINGTON 98040

[INFO@NWASSET.COM](mailto:info@nwasset.com)

(206) 838-3680

WWW.NWASSET.COM

ITEM 2 – MATERIAL CHANGES

This brochure, dated March 12, 2013, has been prepared by Northwest Asset Management to meet SEC requirements. It has changed materially since the document filed during the 2012 annual update in the following ways:

- Item 4: Nelly Mubashi is now our Chief Operations Officer. We have provided additional details to our services offered. Assets under management numbers have been updated.
- Item 5: We have expanded the description of fees derived from our various programs
- Item 8: We have delineated more clearly the analysis and strategies created for each program
- Item 11: Made slight improvement in the structure of this section to better align with SEC instructions
- Item 13: Notes that performance reviews will be delivered at a minimum annually

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE ADV PART 2 A	1
ITEM 2 – MATERIAL CHANGES.....	2
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 – FEES AND COMPENSATION	5
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
ITEM 7 – TYPES OF CLIENTS	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
ITEM 9 – DISCIPLINARY INFORMATION	9
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	9
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	10
ITEM 12 – BROKERAGE PRACTICES.....	11
ITEM 13 – REVIEW OF ACCOUNTS.....	12
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	12
ITEM 15 – CUSTODY	14
ITEM 16 – INVESTMENT DISCRETION	14
ITEM 17 – VOTING CLIENT SECURITIES.....	14
ITEM 18 – FINANCIAL INFORMATION	15

ITEM 4 – ADVISORY BUSINESS

4a: Firm Description

Northwest Asset Management was established in July 2008 by managing member Gregory Allen Headrick, CFP, Chief Compliance Officer. The firm's Chief Operations Officer is Nelly Mubashi, CRPS.

4b: Types of Advisory Services

Northwest Asset Management offers a wide range of investment advisory, planning and consulting services tailored to our clients' needs.

Investment Management and Consulting

We provide a customized approach to investment management. Our process includes defining goals, assessing risk, developing a strategy, implementing the strategy, 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. These may include a traditional and time tested strategic asset allocation approach or new and innovative active asset allocation strategies or a mix of other strategies.

Retirement Plans (ERISA, 401(k))

We understand the challenges employers face in providing retirement plan benefits (401K, Profit Sharing, SIMPLE, SEP, etc.) for employees. Our goal is to simplify our clients' lives through a responsive, integrated approach and deliver to you the level of service and expertise that you need, no matter the size or complexity.

Retirement Planning

Comprehensive retirement planning involves a complete financial review and the development of short-term and long-term strategies for financial success. We review your current situation, explore alternatives, analyze social security choices, and determine how best to structure your assets to help meet your goals.

Financial Planning

Whether you are saving for a particular goal, or planning for future college expenses, trying to determine if you need more insurance, or trying to figure out how to make the most of charitable contributions, you need to review your complete financial situation first. We will help you understand where you are and will develop a strategy that will help you meet your objectives.

Turnkey Asset Management Program

NWAM provides services to other advisors through our Turnkey Asset Management Program (TAMP.) Through our TAMP program we provide the following areas of expertise and the ability for investment advisors to use in delivering world class services to their clients:

- Client management: CRM technologies, client profiling and asset allocation review
- Investment management: Research, rebalancing, trade order and portfolio management
- Performance monitoring: Data aggregation, reconciliation, performance reporting
- Operational support: Back office support, billing, compliance tools, websites and consultants

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

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.

4e: Assets under Management (AUM)

NWAM, as of January 25, 2013, has \$1,006,045,419 in discretionary reportable Assets under Management and \$17,522,371 in non-discretionary reportable Assets under Management for a total of \$1,023,567,790.

ITEM 5 – FEES AND COMPENSATION

5a: Fees

Investment Management and Consulting Fees

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

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. All other assets are valued at fair value by NWAM. This fee schedule may be found in Schedule A of your Investment Advisory Agreement. In certain special circumstances, fees may be negotiated at a lower rate.

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or account fees charged to you as a result of the above activities.

Retirement Plans (ERISA, 401(k))

Fees for retirement plan ERISA planning and consulting services depend on the types of services that serve the client. For smaller 401(k) plan or profit sharing plans, we typically use our standard Investment Management fee tables or another negotiated rate depending on the size of the plan and the services rendered. For larger plans, charge a fixed annual fee in an agreement directly with the Plan Administrator for our Investment Consulting services. This “conflict free” model of contracting directly with the Plan Administrator, without being contractually or revenue bound to any 3rd party money manager, allows us to provide our services knowing we are only working towards your goals and needs. There remain certain cases where we have arrangements with Plan Sponsors and have contracted 3rd party money managers, but this is not a model we employ any longer.

Retirement Planning / Financial Planning

Fees for retirement and financial 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 consulting projects on a fixed fee basis. Fixed fee projects fees will range widely depending on the services being offered, the length of the contract and the complexity of the work.

TAMP

Ultimately, there are two sets of fees paid as part of our TAMP program: fees specific to the advisor, fees specific to the TAMP advisors end client.

NWAM is paid a portion of the TAMP advisors fee charged to the end client at a rate of 0.40% annually based on the value of the assets contained in the account along with \$75 annually for each client account maintained. There is a \$1,000 per user software and maintenance fee for each employee if a TAMP advisor user our services. For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded.

These fees may be negotiable and are set forth in the agreement between NWAM and the TAMP advisor. In total, the fee charged to our TAMP end client does not exceed the fee a client would pay if it worked directly with NWAM. This fee is paid quarterly, in advance or arrears as designated in the agreement.

5b: Fee Payments Options

Investment Management and Consulting Fees

Though our custodians, our clients provide signed permission to pay their fees directly from their account. The custodian pays from your account when we submit an invoice to them. We submit invoices quarterly, in advance or arrears as it is stated in the client agreement. The invoice we submit shows the amount of fees, the value of your assets on which the fees are based, and the specific manner in which the fees are calculated. If there is insufficient cash in your account, securities may be sold. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

Retirement Plans (ERISA, 401(k))

Fees for our work and consultation on retirement plans differ greatly depending on services selected and the size and complexity of the plan. Services may be based on a recurring fixed fee payment, percentage of assets being managed or as a part of fees paid to 3rd party money managers. The fees are paid quarterly in advance or arrears as designated in the construction of our agreement with you.

Retirement Planning / Financial Planning

Services performed on a fixed fee basis are pad as set forth in our agreement with you. Depending on the size and scope of the project, we may request fees up front, a partial retainer or to be paid in full upon completion. All invoices are due within ten (10) days of invoice.

TAMP

We receive permission in writing from every end client to withdraw our fees directly from the clients account. Advisory fees will be detailed on the custodian's statement that is sent to the client. The fee shown to the client is the total fee charged for all advisor services provided, including NWAM and the TAMP advisor. These fees are charged in advance or arrears, based on the value of the account at the end of the quarter, depending on the contract between the TAMP advisor and the end client.

5c: Third Party Fees

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by custodians, broker dealers, mutual funds and other third parties. All fees and charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. These potential fees include but are not limited to mutual funds fees, trading fees, transaction fees, exchange fees, transfer taxes, custodial fees, administrative fees for MF/ETFs and wire transfer and electronic funds processing fees. You bear the responsibility for verifying the accuracy of fee calculations. Wrap fee clients should refer to the wrap fee brochure for definitions of these fees.

5d: Termination and Payments

Our fees are paid in advance or at the time of service, as detailed in each programs details in Item 5b above. We do not charge fees for services more than six months in advance.

Either NWAM or our client may terminate the investment advisory relationship by providing 30 days' written notice. When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made in the month following the end of the quarter in which the contract was terminated.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

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.

5.e: Other Investment Compensation

NWAM does not receive commission or compensation for the sale of securities, mutual funds, sales charges or other investment products.

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

NWAM does not charge advisory fees on the performance of funds or securities in your account.

ITEM 7 – TYPES OF CLIENTS

We generally provide and 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

There is no account minimum. However, the Advisor may decline to accept clients with portfolios under \$500,000.

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

8a: Strategies and Analysis

NWAM uses multiple strategies in order to best meet the diverse needs of our clients. We use multiple sources of information in performing our research, including sources such as reports and articles in financial media, financial magazines, research prepared by others, industry publications, corporate rating services, prospectuses, company press releases and annual reports and filings with the SEC. NWAM uses fundamental and technical analysis to evaluate securities and market conditions. Fundamental analysis does not attempt to anticipate market movements. Technical analysts do not attempt to measure a security's intrinsic value. Using these methods of analysis presents potential risks as prices of securities can move up or down due to company-specific circumstances as well as in line with the overall market regardless of the fundamental or technical factors considered in evaluation.

We believe it is important that each client know that our strategy is tailored to best meet their goals and needs. Each client presents a unique profile, and we may employ one or more strategies or methods to meet their goals.

Modern Portfolio Theory

NWAM generally adheres to the principles of Modern Portfolio Theory, which advocates investing across different asset classes to increase diversity and reduce risk. Based on our research and the research of others, we will generally diversify your assets among cash equivalents (money market funds); high-quality, short-term bonds; large and small company stocks; and growth (higher-priced) and value (lower-priced) stocks in the U.S. and foreign developed markets. In certain circumstances, large, small, growth, and value stocks in select emerging markets and/or shares of real estate investment trusts (REITs) and commodity indexes will be included in diversified portfolios.

Asset Allocations

NWAM recommends a mix of asset classes for your portfolio based on an assessment of your long-term financial objectives. Where appropriate, we will recommend an allocation to high-quality, short-term bonds (within a broadly diversified index or asset class mutual fund) to reduce overall portfolio risk, generate a more predictable cash flow (interest income), facilitate portfolio rebalancing, and provide a hedge against inflation.

If your objective is a higher annual expected return and you are willing to accept a higher degree of risk, we will recommend a portfolio with greater allocations to stocks in general and small company and value stocks specifically (using index or asset class mutual funds). Recommended stock allocations will generally be globally diversified among the U.S. and foreign developed markets. In certain circumstances, we may include emerging markets and REITs in limited percentages. Our recommended asset allocation is not influenced by current market conditions. This asset allocation (which becomes your written “Investment Policy”) is altered only when your long-term investment objectives have changed.

Rebalancing

Asset allocations for your portfolio will change as financial markets rise and fall and the specific assets of different parts of your portfolio change. This creates the opportunity to selectively rebalance your portfolio in order to bring asset class percentages back to your policy targets. Asset classes that have risen beyond predetermined limits are sold by an amount that brings the allocation back in line with policy targets, and those that have fallen in value are purchased in the same way. This is a method of buying low and selling high that is not based on trying to predict the direction of markets or asset returns.

This rebalancing has the effect of enhancing portfolio returns while maintaining the agreed-upon risk. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, NWAM has pre-determined ranges in which allocations may vary and at which rebalancing is initiated.

Specific Investments

While we generally select ETFs, mutual funds or similar securities, we may at times select individual securities or build individual stock portfolios for our clients. In these cases, NWAM examines each securities management, financial condition, and market position and ensures that any purchases of individual securities work towards the client’s portfolio goals, investment horizons and exposure to risk. Individual stocks present potential risks as prices of individual securities can move up or down due to general economic conditions, industry specific conditions, government regulations or corporate management, among other factors.

8b: Investment Strategy Risks

As recent global and domestic economic events have indicated, performance of any asset or asset class is not guaranteed, and can indeed be unpredictable. As a result, there is a risk of loss of the assets we manage as a result of both allocation and the status of the markets when we rebalance.

While all current research, academia and data allow us to understand and map asset classes and their risk and return, there is a risk that they, or our analysis, are wrong and will lead to losses. Additionally, correlations among asset classes may be judged incorrectly, which also may incur risk of loss as diversification may not be properly balanced. Additionally, minor or

severe market conditions may significantly drive gains or losses in one asset class over another, causing unexpected losses. There is a risk that rebalancing at any moment in time will not match current market directions, leading to risk of loss.

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 as fiduciary to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

NWAM will use our best judgment and act as fiduciary in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the agreement and understand that investment decisions made for any accounts are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by NWAM with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

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 NWAM 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. NWAM is not affiliated with PKS.

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

Neither NWAM nor our employees hold any of the above registrations.

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

The principal business of NWAM 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 and How this Advisor is Compensated for those Selections

NWAM may select outside money managers, but we are not compensated for those selections.

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

11a: Code of Ethics Description

We have adopted a Code of Ethics to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states that NWAM and its investment advisor representatives and employees shall always:

- Act with integrity, competence, dignity, and ethically when dealing with the public, clients, prospects, employers, and employees.
- Exercise its authority and responsibility for the benefit and interest of its clients first and to refrain from having outside interests that conflict with the interests of its clients. NWAM must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients.
- Refrain from disclosing any nonpublic personal information about a client to any nonaffiliated third party unless the client expressly gives permission to NWAM to do so. All client information will otherwise be treated as confidential.
- Maintain the physical security of nonpublic information, including information stored on computers.

This Code of Ethics is in place to guide the personal conduct of our team and embodies our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of the NWAM Code of Ethics is available upon request.

11b: Securities in Which We May Have a Financial Interest

NWAM or its advisors may buy or sell securities (other than mutual funds or ETFs) for their own accounts as well as its clients' accounts. Additionally, NWAM may buy or sell specific securities that it does not buy or sell for its clients' accounts, as the strategies defined for the clients account may not warrant it.

NWAM does not buy or sell between NWAM, our employee or our clients' accounts. We will not recommend securities or other investment products to our clients in which NWAM or any related person has an ownership or proprietary interest.

11c: Types of Personal Trading

In the cases where NWAM or its advisors buy or sell the same securities for their accounts and client accounts, we will purchase or sell securities for client accounts (for which the investment is appropriate) before purchasing or selling securities for NWAM or employee accounts. NWAM never makes short term trades in any security on the same day that buy or sell transactions are made for client accounts.

There are possible conflicts of interest, which our Code of Ethics addresses. These conflicts arise when we buy or sell the same security as our clients and are:

- front running: using the order's market effect to benefit ourselves
- insider information: using information that gives us an unfair advantage (which is illegal)
- bunching orders: which may gain a lower brokerage cost, acting as an incentive to include clients accounts in orders

11d: Personal Trading and Timing

NWAM always tries to get the best price for the client. We will always trade client account before we trade NWAM or employee accounts. Our internal controls and processes are in place to prevent contemporaneous trading (submitting NWAM or employee orders at the same time as client order) except in the case of unaffiliated mutual funds.

ITEM 12 – BROKERAGE PRACTICES

12a: Selecting Brokerage Firms

Except to the extent that you direct otherwise, we may recommend a broker-dealer. NWAM participates in different custodian and broker dealer programs, including the TD Ameritrade Institutional (TDAI) program. TDAI 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.

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 broker dealers. Certain affiliated persons of NWAM 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 NWAM advisor receives commissions or additional compensation from their own or other advisor recommendation to the client.

12.b: Sales Aggregation

NWAM does not aggregate or bunch orders.

ITEM 13 – REVIEW OF ACCOUNTS

13a: Periodic Reviews

Investment management and consulting accounts, and retirement ERISA plans 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 or plan, but no less than annually. More frequent reviews may also be triggered by a change in the 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.

TAMP advisor's clients accounts are reviewed by the TAMP advisor. Our TAMP program makes available a wide range of reporting options for our TAMP advisors to reviews their clients accounts.

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 reports as needed, but no less than annually, on representative investments recommended specifically by the NWAM. 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. TAMP advisor's clients' accounts are reviewed by the TAMP advisor. Our TAMP program makes available a wide range of reporting options for our TAMP advisors to provide to their clients.

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.

14b: Compensation to Non-Advisory Personnel for Client Referrals

NWAM does not compensate anyone for client referrals.

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. Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Tamarac.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

ITEM 16 – INVESTMENT DISCRETION

Investment Management and Consulting

Though our custodians, our clients generally provide signed permission to grant NWAM ongoing and continual discretionary access to their accounts. This discretionary authority allows us to manage your account according to the investment strategies without calling you in advance of appropriate transactions. In the cases where we are not give discretion, we must receive permission from the client to make any trades on a non-discretionary basis.

Retirement Plans (ERISA)

Depending on the type of plan and how it is arranged, NWAM may or may not have discretionary control of retirement plans' assets or their accounts and it is clearly set forth in the plan agreement.

TAMP

NWAM has discretionary control over the funds made available to TAMP advisors. NWAM receives discretionary authority over end client accounts when the custodial agreement is signed.

ITEM 17 – VOTING CLIENT SECURITIES

NWAM does not vote proxy for any of its client. Each client is responsible for receiving and voting proxies for any and all securities maintained in their account. However, do not hesitate to contact us if you need any help or clarification regarding proxies.

ITEM 18 – FINANCIAL INFORMATION

18a, b: Financial Information

NWAM does not solicit prepayment of more than \$1,200, six or more months in advance.

18c: Bankruptcy Petition

NWAM has not been the subject of a bankruptcy petition in the last ten (10) years.