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## **Part 2A BROCHURE**

This brochure provides information about the qualifications and business practices of de Koning & Company, LLC dba TransWestern Capital Advisors, LLC (“TransWestern”). If you have any questions about the contents of this brochure, please contact us at 303-864-1213. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Transwestern Capital Advisors, LLC is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about TransWestern Capital Advisors is available at: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for TransWestern Capital Advisors, LLC is 141605.

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## MATERIAL CHANGES

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### Summary of Material Changes

If you would like another copy of this Brochure, please download it from the SEC Website as indicated on page one or you may contact our Chief Compliance Officer, Kendrik de Koning at 303-864-1213 or [kendrik@transwestcap.com](mailto:kendrik@transwestcap.com).

We encourage you to read this document in its entirety.

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## **ITEM 4 - ADVISORY BUSINESS**

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This Disclosure document is being offered to you in connection with the investment advisory services provided by TransWestern Capital Advisors, LLC to educate you with information about the services we provide and the manner in which those services are made available to you, the client.

Our principal service is providing fee-based investment advisory services to banks. Specifically, the firm supports bank management responsible for investing the fixed income portfolio of the bank. Our firm, located in Denver, Colorado has been in business since 2006, and is 100% owned by Kendrik de Koning.

### **Investment Portfolio Advisory**

Our firm practices custom management of portfolios, on a discretionary and non-discretionary basis, according to the client's objectives. Our primary approach is to invest in high-quality investment grade securities to enhance income, and achieve interest rate risk targets identified by our clients. We use corporate debt securities, municipal securities, United States government securities, and mortgage backed securities and collateralized mortgage obligations to accomplish this objective.

We take a top-down view of the investment process that starts with an assessment of the risk profile of the entire balance sheet, then proceed to identify solutions to meet risk-tolerance and performance targets set by the Asset Liability/Committee (ALCO) and management. We support decision making, not replace management, thereby making the CEO and CFO more efficient in their roles, while leaving them in complete control of the process, resulting in improved performance across the entire bank.

### **TransWestern Fund**

Our firm serves as investment advisor to one Investment Company: the Northern Lights Fund Trust, which has retained our Firm as an Advisor to the TransWestern Institutional Short Duration Government Bond Fund – NASDAQ ticker TWSGX. The fund is designed for state and nationally chartered banks and federal credit unions. One hundred percent of assets are in liquid, high quality fixed and variable US Government bonds with risk weightings of 0-20%. The fund is prohibited from purchasing whole loans, whole loan CMOs, or corporate bonds. Dividends are paid monthly to the investors/shareholders. In its capacity to the TransWestern Institutional Short Duration Government Bond Fund, the Firm has retained a sub advisor who is charged with the day to day execution of the investment strategy of the fund as described in the prospectus. Information concerning this fund, including a description of the services to be provided by and advisory fees payable to us, would be contained in each fund's prospectus.

## **General Information on Advisory Services**

TransWestern Capital Advisors, LLC does not represent, warrant, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

## **Wrap Fee Programs**

We do not place Client assets into a wrap fee program.

## **Assets**

As of December 31, 2013, the advisor managed \$370,810,147 on a discretionary basis and \$25,000,000 on a non-discretionary basis.

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## **ITEM 5 - FEES AND COMPENSATION**

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### **Investment Portfolio Advisory**

As stated in the Investment Advisory Agreement, the client will pay a quarterly Management Fee in the range of .25% to .75%, payable in arrears, based on the average amount of the assets as reported by the banks to be managed by us during the previous quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. These fees may be negotiated under unusual circumstances, at our sole discretion and are subject to minimum fees. Clients are billed directly for fees incurred on a quarterly basis as reported by the banks themselves.

The client engages in an agreement for a period of three (3) years following the end of the client's fiscal quarter. As stated in the Agreement, in the event of a sale to an un-related party that results in the change of control of the client or by written mutual agreement, the client may terminate the agreement with 90 days' notice.

### **TransWestern Fund**

The management fee, computed and accrued daily and paid monthly in arrears, is currently an annual rate of .45% of the Fund's average daily assets. In addition, there is a 0.10% marketing allowance computed and accrued daily. These amounts are subject to an all in expense limitation of 0.65%. The fund regularly incurs expenses in excess of the 0.65%. All such amounts are directly deducted by fees earned by the Firm.

### **Additional Fees and Expenses:**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Brokerage commissions;

- Transaction fees, with the exception for portfolios managed with Fidelity as custodian and that specific option exercised at an additional cost
- Exchange fees
- SEC fees
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETF)
- Advisory fees charged by sub-advisors (if any are used for your account)
- Custodial Fees
- Deferred sales charges (on MF or annuities)
- Odd-Lot differentials
- Transfer taxes
- Wire transfer and electronic fund processing fees
- Commissions or mark-ups / mark-downs on security transactions

Please refer to the “Brokerage Practices” for discussion of TransWestern’s brokerage practices.

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### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

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### **ITEM 7 - TYPES OF CLIENTS**

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We provide investment advice limited to institutional clients only; specifically federal and state-chartered banks, as well as one Investment Company: the Northern Lights Fund Trust, to which it serves as an advisor to the TransWestern Institutional Short Duration Government Bond Fund. Minimum size for opening an institutional account in the TransWestern Fund is \$2,000,000. Minimum account size is \$18,000,000 for separately managed accounts and is negotiable.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategy**

With our institutional clients, we take into account the written investment policies, as well as liquidity needs, credit tolerances, and regulatory constraints when making recommendations. Our primary approach is to invest in high-quality investment grade securities to maintain liquidity and to enhance income, and achieve interest rate risk targets identified by our clients. We use corporate debt securities, municipal securities, United States government securities, and mortgage backed securities and asset backed securities to accomplish this objective.

Pertaining to the TransWestern Fund and its principal investment strategy, the Fund limits its investments and strategy to qualify for investment by state and nationally chartered banks, federal savings institutions, and federal credit unions under current applicable federal regulations. The Fund seeks to provide income consistent with liquidity, and limited credit and interest rate risk. The Fund invests 100% of its assets in liquid, high quality, fixed and variable rate U.S. Government bonds, cash and cash equivalents. Under current federal banking regulations these U.S. Government bonds would receive a risk weighting of 0% to 20% for purposes of calculating risk-based capital requirements. Shares of the Fund are not deposits or obligations of any bank, are not guaranteed by any bank, and are not insured by the FDIC or any other government agency. Further information on the Fund strategy can be obtained by requesting a copy of the prospectus.

### **Risks**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through The Planned Approach.

You should be aware that your account is subject to the following risks:

- Interest Rate Risk - The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- Credit Risk - Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may

purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.

- Inflation Risk - Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- Management Risk – Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio
- Liquidity Risk - Some securities may have few market-makers and low trading volume, which tends to increase transaction costs and may make it difficult to dispose of securities at all or at a price that represents current or fair market value.
- Market Risk - Overall fixed income market risks may affect the value of individual securities. Factors such as interest rate levels, economic growth, market conditions, government policy and political events affect the fixed income securities markets.
- Mortgage-Backed Securities Risk - Mortgage-backed securities are susceptible to maturity and yield risk because borrowers in pools of securities are able to prepay principal due on these mortgages, particularly during periods of declining interest rates.

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## **ITEM 9 - DISCIPLINARY INFORMATION**

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There have not been any disciplinary events regarding a civil or criminal action or administrative proceeding before any regulatory agency or any self-regulatory organization; therefore this area is not applicable.

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## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Broker/Dealer**

Certain Investment Advisor Representatives (“IAR”) of our firm may be registered representatives of de Koning Capital Markets LLC dba TransWestern Capital Markets, LLC (“TCM”) an affiliated securities broker/dealer. TransWestern Capital Advisors and TransWestern Capital Markets are affiliated by common ownership. The IAR’s may be compensated for effecting securities transactions or providing advisory services. A portion of the time of some of our IARs is spent in connection with broker/dealer activities.

As a broker/dealer, TCM engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by TCM, investments in securities may be recommended for clients. If TCM is selected as the broker/dealer, TCM may earn mark-ups as a result of the execution of such trades.

### **Mutual Fund**

In addition, we serve as investment advisor to the TransWestern Institutional Short Duration Government Bond Fund through the Northern Lights Fund Trust Investment Company. We have entered into investment advisory and administration agreements with Northern Lights and their



affiliate, Gemini Fund Services who acts as the Transfer Agent for the Fund. As advisor, we delegate day-to-day execution of the Fund's strategy to the subadviser, Loomis, Sayles & Company, L.P.

#### **ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

TransWestern Capital Advisors, LLC and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest. The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of our firm, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of TransWestern Capital Advisors, LLC shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of TransWestern Capital Advisors, LLC shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of TransWestern Capital Advisors, LLC.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker/dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

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#### **ITEM 12 - BROKERAGE PRACTICES**

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As described in Item 10, we have an affiliated broker/dealer, TransWestern Capital Markets. As a broker/dealer, TCM engages in a broad range of activities normally associated with securities brokerage firms. If TCM is selected as the broker/dealer, TCM may earn mark-ups as a result of the execution of such trades. The mark-ups are standard to industry averages, if not below. All clients select their custodian for their assets.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

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#### **ITEM 13 - REVIEW OF ACCOUNTS**

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Accounts are reviewed on a quarterly basis, concurrent with the release of client's quarterly call reports filed with the FDIC. Kendrik de Koning reviews all accounts, and discusses significant changes, such as increases/decreases in loan demand, deposit balances, and capital ratios, with our clients. As banks, our clients are managed by financial professionals, and are regulated entities. This necessitates ongoing maintenance of their reviews as well.

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#### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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We may enter into written referral agreements with third parties by which the third party may, from time to time, refer clients that may establish accounts and enter into advisory relationships with us. In such circumstances, we agree to pay the third party a referral fee equal to a percentage of fees received by us from the referred client. The referral fee may be split between third parties who have jointly participated in referring a client to TransWestern Capital Advisors, LLC. All referral agreements will be governed by and comply with Rule 206(4)-3 under the Investment Advisors Act of 1940.

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**ITEM 15 - CUSTODY**

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All client account assets are held by a qualified custodian designated by the client. TransWestern Capital Advisors, LLC is not responsible for the actions of a client's custodian.

Clients should carefully review account statements received directly from the qualified custodian. We also urge you to compare the account statement you receive from your qualified custodian with any statements provided by us.

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**ITEM 16 - INVESTMENT DISCRETION**

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We only exercise discretion in relation to our duties as advisor to the Northern Lights Fund Trust's TransWestern Institutional Short Duration Government Bond Fund (ticker: TWSGX). The parameters of this discretion are dictated by the fund's prospectus to the Fund Trust. Otherwise, all investment activities are provided on a non-discretionary basis.

You may specify in writing the markets or broker/dealers to execute the securities transactions directed by us. In the absence of such specification, we shall employ such broker/dealers and such markets as it, in its sole discretion, shall decide. You may instruct us in writing not to effect transactions through any particular broker/dealer. Executing securities transactions through such designated broker or dealer, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the Account than would otherwise be the case.

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**ITEM 17 - VOTING CLIENT SECURITIES**

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We will not vote proxies under its limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Should you have any questions about a particular solicitation, please contact us.

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**ITEM 18 - FINANCIAL INFORMATION**

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We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. We have not been the subject of a bankruptcy petition at any time.

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.