

Item 1 - Cover Page

NSB Advisors LLC

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Firm Brochure

February 3, 2015

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 authorities.

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.

Item 2 – Material Changes

The Brochure dated February 3, 2015 is an other-than- annual update that amends our previous Brochure dated September 5, 2014. Specifically, we updated certain items and added information to keep you up to date about legal claims that have been asserted or threatened against NSB. Also, added information about NSB filing for relief under Chapter 11 of the Bankruptcy code. This section of the Brochure discusses only material changes to the brochure.

Material Changes:

Item 4 – Advisory Business
Updated Managed Assets

Item 9 – Disciplinary Information
Updated information about legal claims that had been asserted or threatened against NSB
Added information about NSB filing for relief under Chapter 11 of the Bankruptcy Code

Item 18 – Financial Information
Updated information about an arbitral award rendered against NSB
Added information about NSB filing for relief under Chapter 11 of the Bankruptcy Code

Pursuant to 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. 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. William T. Nicklin and Jonathan C. Nicklin are each indirect holders of 25% or more of NSB. 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 “Counterbalance Strategy”).

Under most market conditions the Counterbalance Strategy utilizes a “market neutral” (long/short) portfolio approach. Clients are not participating in a “relative return” investment strategy. The goal of the Counterbalance 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 the portfolio value track the overall financial markets.

In addition to the Counterbalance Strategy, NSB also offers to its clients the Long Weighted Investment Strategy (“Long Weighted Strategy”), which utilizes a long portfolio approach, without any options-based hedge or short positions. For a typical Long Weighted Strategy account, the portfolio will generally correspond to the long portion of a Counterbalance Strategy portfolio. The Counterbalance Strategy and the Long Weighted Strategy are referred to collectively as “Strategies”.

NSB may structure Strategy accounts based upon individual clients’ circumstances and objectives, so the composition of each portfolio may be different, although the character of the equity portion of each account is similar. Likewise, the hedges are typically similar for each Counterbalance 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 terminate 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.

Generally, all discretionary transactions in a particular security (other than option transactions) on any given day receive the same price. In the event that certain accounts are required to meet time constraints on money required for their account or for margin calls due, the related sales of securities may be exempt from the daily average price policy. In addition, NSB may make exceptions to the daily average price policy in appropriate circumstances.

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 February 3, 2015 NSB Advisors LLC managed approximately \$107,000,000 in assets for 350 accounts. NSB manages all of the assets on a discretionary basis.

Item 5 – Fees and Compensation

The base 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 Custodian or its agent to debit fees of NSB and Custodian from the client's account.

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

Certain clients pay their management fees out of the margin portion of their account rather than the cash portion of their account.

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, margin debit interest 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.

In determining the value of the Account or any of its assets, NSB shall rely upon the Custodian's valuation methodology. Such valuation methodology as made available by Custodian shall be provided to Client upon request.

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).

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 that client.

Fees provided for in a client agreement will increase only 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 Counterbalance 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 Counterbalance 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 the underlying equity market-tracking index (or indices) of the short call index options in the portfolio,
- 3) to the extent the client is writing "uncovered" (short) calls on an equity market-tracking index, the time and volatility premium paid to the client from that, and
- 4) in the case of bear call spreads, the profit or loss on the purchased index call options component of the bear call spread

For many accounts, the Counterbalance Strategy uses hedging activity other than uncovered call writing, such as using bear call spreads. With a bear call spread, the client writes call options on a market-tracking index and also buys call options on that same index at a higher price. When bear call spreads are used, if the loss on the market index call option purchased exceeds the proceeds from the time and volatility premium on the index call option sold, the hedging activity will result in a net expense to the portfolio.

In IRA accounts uncovered call writing is generally prohibited. As such, when engaging in hedging activity the Advisor may consider a Counterbalance Strategy participant's entire relationship with the Advisor (e.g. multiple accounts, including IRA accounts and non-IRA

accounts owned individually or jointly by a Counterbalance Strategy participant), using hedging activity in such other accounts to effectively hedge the value of the long equity positions in the IRA account.

In building the Counterbalance 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. However, if the market outperforms the long holdings, the portfolio could experience losses.

The Long Weighted Strategy seeks to provide clients with a total return composed of two main components:

- 1) income derived from portfolio investments, and
- 2) the gains or losses of the selected long portfolio.

The Long Weighted Strategy portfolio does not involve any options-based hedging activity and is entirely subject to market risk except if and to the extent an exchange-traded fund-based market hedging component is utilized.

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. 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 Counterbalance Strategy 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 or be less than (at times significantly) 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, as well as a

liability in the same amount. 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” may be taken away (assigned), leaving a portfolio temporarily un-hedged. Markets may 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 Counterbalance 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 Counterbalance Strategy client experiencing a loss if the premium generated by the uncovered call writing is not sufficient to offset this divergence. Similarly, a loss 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 long positions plus the short call option time and volatility premium collected, or if the market-tracking index and the long positions both depreciate, with the long positions depreciating in an amount greater than the market-tracking index less the short call option time and volatility premium collected. 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 short call options are written and the short call option 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 Counterbalance 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.

The Long Weighted Strategy does not involve any options-related hedging activity.

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. Clients are advised that because several of NSB's client accounts maintain positions in the same securities, the liquidation of assets in one client account may exert downward pressure on the price of the same securities in another client account.

A client may withdraw funds from or close such client's Strategy account at any time by written notice to NSB, as provided for in the terms of the client's agreement with NSB, which agreement typically requires at least fifteen (15) business days' prior written notice for withdrawal or liquidation. A client who chooses to terminate such client's Strategy agreement can instruct NSB to liquidate such client's Strategy account. If so instructed, NSB will make reasonable efforts to liquidate such client's Strategy account in an orderly and efficient manner, as provided for in NSB's agreement with the client. NSB will not be responsible for market fluctuations in such client's Strategy account from the time of notice until complete liquidation. Certain factors may affect the orderly and efficient liquidation of a Strategy account. Such factors include, among other things, the liquidity of the securities in the account to be liquidated. In NSB's sole discretion (see "Investment Discretion" below), where liquidation is impossible or impractical, NSB may satisfy liquidation orders in kind. Clients are advised that, insofar as certain securities in client accounts may be comparatively illiquid, there is a significant risk of such in kind satisfaction. Clients receiving illiquid securities may find it difficult to sell such securities and may suffer significant losses as a result.

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 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 may 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 portfolios can be an aggressive and potentially highly volatile approach to trading and investing. Concentrated portfolios hold fewer different securities than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in such a portfolio is likely to have a larger impact on portfolio performance than it would in the context of a more broadly diversified portfolio. Clients are advised that the potential for loss in such a concentrated portfolio is exacerbated where the securities held are illiquid, as the Advisor may have difficulty selling illiquid securities where selling would be otherwise beneficial. Clients may wish to consider how investment in a concentrated portfolio as utilized in the Strategy fits in with their overall investment approach.

Clients are advised that the concentrated nature of Strategy accounts poses an additional risk to clients insofar as clients might choose to liquidate their accounts (see "Illiquidity" above). In the case of securities of those companies whose share ownership is concentrated among Strategy participants, the act of selling such securities may significantly impact the price of those securities. As a result, insofar as multiple Strategy accounts hold the same security, the sale of such security pursuant to a liquidation of one account may put significant downward pressure on the price of that security and may therefore negatively impact the performance of other Strategy accounts.

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. This risk exists for the Counterbalance Strategy, but not for the Long Weighted Strategy. Because NSB may invest the cash proceeds from short call options in additional equity holdings, a client's net options liability exposure may ultimately be greater than if such amounts were maintained in a cash reserve. In this and other events, the strategy of writing naked calls could lead to losses greater than the capital invested.

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

For Counterbalance Strategy accounts, NSB uses certain option strategies, such as "naked" (short) call strategies, that require the use of a *margin account* and margin borrowing. While the use of margin borrowing may improve returns, it may also result in certain additional risks to clients. Typically, margin borrowing will be from securities brokers and dealers and will be secured by a client's securities and/or other assets. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures a client's obligations; should a client be unable to provide additional collateral, such a broker-dealer may liquidate assets held in the account to satisfy that client's obligations to that broker-dealer. Such liquidation could have adverse consequences. Long Weighted Strategy accounts are also required to have a margin account.

Clients are advised that certain securities in NSB's client 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 Custodian may decline to extend or may restrict credit to a client for some or all of the securities. This could result in clients having less borrowing power in their Strategy accounts, and therefore subject clients to house and/or Federal Reserve calls because of the investment activities of Advisor. House and/or Federal Reserve calls could lead the Custodian to sell securities in an account without notice to the client, potentially yielding significant losses. Clients should be aware that the Custodian may increase its house maintenance margin requirements at any time without written notice to clients.

In addition, clients should be aware that because several of NSB's client accounts maintain positions in the same securities, the liquidation of assets in one client account to satisfy a client's obligations pursuant to margin borrowing may exert downward pressure on the price of the same securities in another client account.

Broker Risk

As described in more detail below (see "Brokerage Practices"), client assets will generally be held in accounts maintained for clients by Custodian. The Custodian is subject to various laws and regulations designed to protect clients in the event of the Custodian's insolvency. However, the practical effects of these laws and their application to a portfolio's securities positions are subject to substantial limitations and uncertainties. The insolvency of the Custodian could, should the Custodian find it necessary to sell client securities to satisfy margin calls, result in the loss of all or a substantial portion of a portfolio's securities positions held by the Custodian and could result in substantial disruption of NSB's operations, including withdrawals by investors. Clients should be aware that, as discussed above (see "Margin"), custodians are free to change margin requirements at any time. Insofar as Strategy accounts contain certain margined securities, a custodian's decision to increase margin requirements may have significant implications for Strategy accounts, including but not limited to the sale of account assets without the consent of the client. The liquidation of assets in one client account to satisfy a client's obligations pursuant to margin borrowing may exert downward pressure on the price of the same securities in another client account. This may trigger a "domino effect" whereby downward pressure from margin calls in one account spurs margin calls in another account, and so on.

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 as it pertains to disciplinary proceedings brought by a governmental entity.

NSB is a respondent in five arbitrations brought by former NSB clients arising out of events that occurred in 2012, one of which has resulted in an award against NSB as described in the next paragraph. The claims in such proceedings include allegations of unsuitability and of failure to act on client instructions. Such matters have been stayed as a result of the bankruptcy filing described below. NSB has also received correspondence putting it on notice of potential claims by several additional former clients arising out of the events that occurred in 2012.

On August 7, 2014, an award rendered in an arbitration (discussed further in Item 18 – Financial Information) found that NSB breached its contractual and fiduciary duties to the claimant customers by failing to follow the customers' instructions with respect to liquidating securities in their accounts.

On January 5, 2015 NSB filed for relief under Chapter 11 of the Bankruptcy Code and is in Chapter 11.

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 designated compliance officer must approve an employee's personal securities transaction before 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 Strategies, 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 Strategies 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

In 2012, NSB selected Pershing Advisor Solutions LLC (“Pershing”) to provide client account custodial relationships. “Custodian” means Pershing, and its respective affiliates, or another broker-dealer selected and agreed upon by Advisor and client. NSB negotiated commission rates with Custodian, 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 Custodian are the lowest available in the marketplace. Custodian or its agent shall generally maintain custody of all client assets. NSB and Custodian are not related or affiliated.

Custodian does not provide any of the consulting, advisory or evaluation services to NSB clients with respect to the Strategy described herein. NSB compensates Custodian pursuant to a services agreement.

NSB may place orders for the account with brokers selected by NSB or Custodian. Advisor will not be responsible for any act or omission by brokers and dealers selected with reasonable care by NSB or Custodian. When NSB places orders for the execution of transactions for the account, NSB or Custodian may allocate transactions to brokers and dealers for execution on markets, at prices, and at commission rates as in the good faith judgment of NSB or Custodian will be in the best interest of the account, taking into consideration in the selection of such brokers and dealers not only the available prices and rates of brokerage commissions, but also other relevant factors (such as, without limitation, execution capabilities, research and other services provided by such brokers or dealers which are expected to enhance the general portfolio management capabilities of NSB) without having to demonstrate that such factors are of a direct benefit to the account.

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.

When NSB places trades with broker-dealers for clients, the broker-dealers may provide NSB with proprietary research in addition to executing the trades in return for the trading commissions paid. NSB does not have any formal arrangements by which this is done, but this research could include general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information, and access to meetings with the management of issuers. While NSB does not cause clients to pay a higher commission rate in order to obtain research, NSB’s clients may pay a higher commission than what could be obtained from an execution-only broker-dealer.

The use of trading commissions to pay for research and brokerage services is generally referred to as “soft dollars.” NSB uses such “soft dollars” in accordance with Section 28(e) of the Securities Exchange Act of 1934, as interpreted by the SEC and its staff, which requires 15

that NSB determine in good faith that the commissions paid by its clients are reasonable in relation to the value of the research or brokerage services received. NSB believes that using commission dollars to obtain the type of research services mentioned above enhances its investment research and trading processes. NSB may use the research it receives for the benefit of any or all of its clients.

NSB benefits from these arrangements because it does not have to produce or pay for the research, products or services received. Because of this, NSB may have an incentive to trade with a broker-dealer based on its interest in receiving soft dollar benefits rather than on its clients' interest in receiving most favorable execution. In addition, certain research products or brokerage services that NSB receives may also be used for functions that are not research or brokerage related. In cases like this, NSB makes a reasonable allocation according to its use and pays for the non-research and brokerage function in cash using its own funds. NSB's receipt of such products and services and the determination of the appropriate allocation creates a potential conflict. NSB follows procedures that it believes are reasonably designed to ensure that it uses soft dollars in a manner that is consistent with seeking best execution, and that it identifies which services are allowed under Section 28(e).

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 Custodian will provide to each client a monthly performance report that tracks a Strategy account's performance.

The Custodian 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

NSB does not compensate any entity or person who is not a supervised person of NSB for client referrals.

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 receive or vote proxies on behalf of advisory clients, or instruct them how to vote. 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

NSB is required in this Item to provide you with certain financial information or disclosures about NSB's financial condition.

As also described in Item 9 – Disciplinary Information, on August 7, 2014 an arbitrator rendered an award (the "Award") in favor of former clients and against NSB in the amount of approximately \$23.4 million, subsequently changes to \$25.32 million plus costs. The Award has not yet been reduced to a judgment, and NSB brought a motion to vacate the award. These proceedings have been stayed as a result of the bankruptcy filing described below.

As also described in Item 9 – Disciplinary Information, NSB is a respondent in four additional arbitrations brought by former clients. NSB has also received correspondence from several other former clients advising of potential claims and/or raising questions about the events that transpired in 2012. It is very possible that some or all of these or others will make claims, subject to applicable bankruptcy code provisions.

On January 5, 2015 NSB filed for relief under Chapter 11 of the Bankruptcy Code and is in Chapter 11. NSB is a party to a purchase agreement with a third party, pursuant to which the third party has contracted to purchase NSB's assets in the bankruptcy process. Such sale is subject to other offers which may potentially be received through the bankruptcy process, and ultimately is subject to the approval of the bankruptcy court.

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

William F. Nicklin

NSB Advisors LLC
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Fishkill, NY 12524
(845) 897-1560

Brochure Supplement

September 20, 2013

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. Questions related to the operation of the firm may be directed to Mr. Nicklin at (845) 897-1560.

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
September 20, 2013

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.