



Form ADV PART 2A

NMS CAPITAL ASSET MANAGEMENT, INC.

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[www.nmsadvisors.com](http://www.nmsadvisors.com)

March 31, 2015

This Brochure provides information about the qualifications and business practices of NMS Capital Asset Management, Inc. ("NMS") and its business for the use of the clients. If you have any questions about the contents of this Brochure, please contact us at 800-716-2080. 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.

NMS Capital Asset Management, Inc. 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 NMS Capital Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2- Material Changes**

**NMS Capital Asset Management, Inc. has no material changes at this time affecting operation for 2015.**

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary or have access to 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, our Brochure may be requested by contacting Stacey L. Lavender CCO at 800-716-2080 ext. 405 or [Stacey.lavender@NMScapital.com](mailto:Stacey.lavender@NMScapital.com). Our Brochure is also available on our web site [www.nmsadvisors.com](http://www.nmsadvisors.com), also free of charge.

Additional information about NMS Capital Asset Management, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with NMS Capital Asset Management, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of NMS Capital Asset Management, Inc.

### Item 3 -Table of Contents

Item 2- Material Changes.....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	<a href="#">47</a>
Item 6 – Performance-Based Fees and Side-By-Side Management .....	<a href="#">610</a>
Item 7 – Types of Clients: .....	<a href="#">711</a>
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	<a href="#">711</a>
Item 9 – Disciplinary Information .....	<a href="#">812</a>
Item 11 – Code of Ethics .....	<a href="#">914</a>
Item 12 – Brokerage Practices.....	<a href="#">1015</a>
Item 13 – Review of Accounts .....	<a href="#">1116</a>
Item 14 – Client Referrals and Other Compensation .....	<a href="#">1116</a>
Item 15 – Custody.....	<a href="#">1217</a>
Item 16 – Investment Discretion.....	<a href="#">1217</a>
Item 18 – Financial Information.....	<a href="#">1217</a>

## **Item 4 – Advisory Business**

NMS Capital Asset Management, Inc. (referred to as “NMS or NMS Advisors”) was formally established in 2009, as a California Corporation. As of December 31, 2014, NMS Capital Asset Management, Inc. U.S. client assets were a total of \$21,971,390.

NMS offers investment advisory and investment management services to, individuals, businesses, and trusts and other corporations or business entities on a discretionary and non-discretionary basis. NMS is wholly-owned by our Chairman and CEO, Mr. Trevor M. Saliba. NMS Capital Asset Management, Inc. is headquartered in Beverly Hills, California and maintains satellite offices in Anaheim, CA.

NMS Advisors will assist clients in determining their investment objectives and needs by performing and discussing all related risk analysis. Each account will be managed in accordance with stated objectives and related needs. In analyzing each client’s objectives and needs, NMS Advisors will consider, where applicable, the clients overall financial condition, income and tax status, personal and business assets, insurance, risk profile and other material factors unique to each client’s particular circumstances. An analysis of an institutional client might include review of strategies, portfolio holding size and expected inflow and outflow of funds. Additionally, NMS Advisors may develop and implement actively managed strategies following internal supervisory approval and subject to client suitability.

### **INVESTMENT ADVISORY AND INVESTMENT MANAGEMENT SERVICES**

If the client selects NMS Advisors, the Client will have the choice of whether the portfolio management is performed on a discretionary or non-discretionary basis. NMS seeks to manage Client accounts on a discretionary basis. However, NMS will also provide services on a non-discretionary basis as well.

Regardless of the type of account established by the client, NMS will evaluate the Client’s financial condition and risk tolerance in order to tailor its securities recommendations to meet the Client’s investment objectives and individual needs. Clients have the ability to impose any types of restrictions of certain securities or types of securities. However, all restrictions must be conveyed to “NMS” in writing.

“NMS” will make ongoing recommendations involving: listed stocks, over the counter securities, fixed income, mutual funds, index funds, exchange traded funds (ETF’S), stock options, leveraged investments and in the rare instance, “NMS” may recommend investments in private placements. Clients have the ability to use margin at their discretion. However, “NMS” does not recommend using leverage (margin) due to the affect the market may have on the value of these securities for Non-Qualified Clients. However, it is important to note that any Qualified Client dealing with A.H. Williams & Company, LP (“Sub Advisor”) a Pennsylvania limited partnership, registered with the State of Pennsylvania as an investment advisor will be subject to leverage factors up to 10 times the equity value of the client’s portfolio.

“NMS” will review and monitor Client accounts on a periodic basis and or quarterly basis so that it may make any necessary transactions in discretionary accounts or make the required recommendations to clients in non-discretionary accounts.

Please note, that some of the securities mentioned above may carry a wide degree of investment risk, and some may contain a high degree of risk, such as Leveraged Investments, Private Placements and Stock Options. Securities offering a high degree of risk may not be suitable of the average investor.

## **DISCRETIONARY PORTFOLIO MANAGEMENT**

In a discretionary account, the Client will grant “NMS” a Limited Power of Attorney, granting “NMS” and it’s Advisor the right to trade on a discretionary basis. These documents will be on file with the broker/dealer of record and “NMS.” Discretionary authority will allow “NMS” to enter securities transactions on the client’s behalf, determining which securities and the amount of securities to purchase or sell. All Clients’ will be sent trade confirmations from their broker/dealer (custodian) these confirmations will outline the details of their transactions. Additionally, the client will receive verbal notification from “NMS”, as well.

“NMS” will also request the Client to provide written instructions detailing how “NMS” will receive payment for their services. Client may choose to have the fees deducted from their account or they may choose to issue funds to cover their advisor fees.

“NMS” recommends the Client grants discretionary authority to “NMS” so that it may execute recommendations in a timely fashion. However, Clients should always review their brokerage account statements and trade confirmations to verify the trading activity and withdrawals that occur in their account (s).

## **NON-DISCRETIONARY PORTFOLIO MANAGEMENT**

In non-discretionary accounts, “NMS” will prepare securities recommendations as it does for discretionary accounts. However, these recommendations may be entered by the client or by the advisor, once the Client has approved the transaction.

“NMS” will recommend all Clients grant it discretionary authority, “NMS” anticipates very little of its portfolio management services to be rendered on a non-discretionary basis; which is subject to change at the request of the client.

Since “NMS” may only be recommending securities transactions for some non-discretionary accounts, Clients should take measure to ensure that all recommendations are executed in a timely manner. Additionally, Clients should review trade confirmations and account statement to ensure that the transactions they placed were entered correctly.

## **Premier Advantage**

Premier Advantage is a program offered only through FSW Advisory Services. “NMS,” has access to this program due to its custodial relationship with First Southwest Company. Premier Advantage offers investment management services to clients on a discretionary basis. Portfolios are individually customized and managed based on the client’s stated objectives and risk tolerance. Premier Advantage possesses the ability to invest in an array of different securities. These include, but are not limited to: Domestic and International Equity Securities, Fixed Income Securities, both Taxable and Non-Taxable, Mutual Funds, Exchanged Traded Funds (“ETF’s”) and Unit Investment Trust (“UITs”) in addition to Private investments in Private Equity and Hedge Funds. The use of various instruments depends on a wide variety of criteria. This can include the size of the portfolio, risk tolerance and liquidity requirements. FSWA manages portfolios using a variety of different methodologies and a mix of the securities highlighted above. After discussing and understanding the financial goals and objectives of the client, “NMS” will outline in detail the investment strategy in which “NMS” IAR’s feels is most appropriate prior to opening the account. “NMS” IAR’s will retain the discretion as to how to reallocate a portfolio should the client contributions or withdrawals cause an imbalance in the targeted asset allocation.

Please see Part 2A Appendix 1: Wrap Fee Brochure, Titled, “FSW Advisor Services, Inc. Premier Advantage Wrap Fee Program.”

## **Premier Advantage Plus**

Premier Advantage Plus is a Separately Managed Account (“SMA”) program offered by FSW Advisory Services. FSW Advisory screens a number of 3<sup>rd</sup> party separate account managers (“Managers”) who meet various needs of investor portfolio management. FSWA provides personal advice with regard to choosing the Manager(s) of these portfolios, and all accounts are managed on a discretionary basis. That manager provides non-personal discretionary portfolio management.

Premier Advantage Plus Accounts are available through “NMS” with FSWA as the Sponsor and Portfolio Manager of the Program. FSWA may engage one or more sub-advisors or purchase consulting services for research, due-diligence, strategy or other services as it deems necessary. This will not increase or decrease your fee in any way.

Clients’ portfolios are matched with the strategies of Managers, and assets are allocated across various Managers, based on the match between the goal of the client, and the expertise of the manager. The Manager then manages each account separately. Some clients may employ fewer, or managers based on a variety of factors, and the intended asset allocation of the portfolio.

All securities contain some amount of risk. FSWA tries to mitigate those risks by building portfolios with certain asset classes which do not correlate to the US stock and bond market performance. These asset allocations are based on a client’s: stated risk profile, need for liquidity, tax considerations, time horizon, and long term objectives.

While FSWA does not manage assets individually in this program, FSWA does reserve discretionary rights to hire fire or replace any manager in this program. The only limitations on our investment authority will be those imposed by “NMS” in writing, when “NMS” opens an account, or if “NMS” subsequently amends the contract with FSWA.

Please see Part 2A Appendix 1: Wrap Fee Brochure, Titled, “FSW Advisor Services, Inc. Premier Advantage Plus Wrap Fee Program.”

## **Item 5 – Fees and Compensation**

### **MANAGEMENT FEE FOR PORTFOLIO MANAGEMENT SERVICES**

<b>Account Type</b>	<b>Minimum Account Balance</b>	<b>Maximum Fee</b>
<b>Discretionary Accounts:</b>	<b>\$100,000.00</b>	<b>2.50% *</b>
<b>Non-Discretionary Accounts:</b>	<b>\$100,000.00</b>	<b>2.50% *</b>
<b>Tailored Advisory Services:</b>	<b>\$100,000.00</b>	<b>2.50% *</b>
<b>Premier Advantage</b>	<b>No Minimum</b>	<b>2.75% *</b>
<b>Premier Advantage Plus</b>	<b>\$50,000.00</b>	<b>2.75% *</b>
<b>Pooled Investment Funds</b>	<b>\$500,000.00</b>	<b>3.50%</b>

**\*Certain fees are subject to negotiation, Advisors have the discretion to waive account minimums with Executive level approval. “NMS” retains the right to waive, modify or rebate Management Fees at its discretion.**

### **Discretionary, Non-Discretionary and Tailored Account Fees**

The specific manner in which fees are charged by “NMS” is established in a client’s written agreement with “NMS.” “NMS” will generally bill its fees on a quarterly basis. Clients may also elect to be billed directly for fees or to authorize “NMS” to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated during a calendar quarter will be charged a prorated fee. Advisory contract may be terminated by either party upon 30-days prior written notice with the imposition of a penalty. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees in addition to any early termination fees will be due and payable.

“NMS’s” fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to “NMS’s” fee, and “NMS” shall not receive any portion of these commissions, fees, and costs.

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

### **Premier Advantage Fees**

The investment management fees charged to investors in the Premier Advantage program are considered, “wrapped”, with all administrative, custodial and brokerage transaction charges included as part of the management fee.

The client will pay one fee for all of these services. This fee is based on a percentage of assets under management and ranges from .80% - 2.75%, depending on the investment strategy and the client’s total assets under management. These fees apply to equity, mutual fund and ETF portfolios.

Fees for fixed income portfolios range from .50% to 1.75%.

All management fees are subject to a \$500 annual minimum. Institutional accounts may be negotiated further based on the services requested and the size and scope of their requirements. Fees are assessed quarterly in advance, based on the market value of the account on the last business day of the previous quarter. Fees are directly debited from the client’s account by the custodian, and there is no other fee payment option. All accounts assets are maintained at FSWA’s affiliate First Southwest Company (“FSC”), a FINRA registered broker-dealer.

FSWA may charge standard fees for non-advisory related services. This may include printing fees, fees for wire transfer, etc. A list of these fees is provided to each client at account opening, and updated annually by FSC.

The program limits each portfolio to trade up to 72 trades per year. Accounts where trading exceeds 72 trades per year will incur additional trade execution fees at a rate up to \$25.00 per trade. FSWA maintains discretion to waive these charges. Please see Part 2A Appendix 1: Wrap Fee Brochure, Titled, “FSW Advisor Services, Inc. Premier Advantage Wrap Fee Program.”

### **Premier Advantage Plus**

The investment management fee charged to investors in the Premier Advantage Plus program are considered “wrapped”, with all administrative, custodial and brokerage transaction charges included as part of the management fee.



The client will pay one fee for all of these services. This fee is based on a percentage of assets under management depending on the investment strategy and the client's total assets under management. These fees apply to Equity, Mutual Fund and ETF Portfolios.

.80% - 2.75%  
Fixed Income Portfolios  
.80% to 1.75%.

All management fees are subject to an \$800 annual minimum. Institutional accounts may be negotiated further based on the services requested and the size and scope of their requirements

Fees are assessed quarterly in advance, based on the market value of the account at inception (for new accounts) and on the last business day of the previous quarter. Fees are directly debited from the client's account by the custodian; there is no other fee payment option; permission to do so is granted in the agreement with FSWA.

All accounts assets are maintained at FSWA's affiliate First Southwest Company ("FSC"), a FINRA registered broker-dealer. While all trading and custodial fees are wrapped FSWA may charge standard fees for non-advisory related services. This may include printing fees, fees for wire transfer, etc.

The program limits the number of transactions placed by the IAR and allows each portfolio to trade up to 72 trades per year (or 6 per month over 12 consecutive months). Accounts where trading exceeds 72 trades per year may incur additional trade execution fees at a rate up to \$25.00 per trade.

Neither FSWA nor and IAR will receive any commissions for the sale or redemption of money market funds, institutional mutual funds, mutual funds, FDIC sweep products, or exchange traded funds.

Transaction costs or fees for trading and custody however, may apply, and the broker/dealer of record (FSC) may receive 12-b-1 fees from the funds in a client's portfolio. Transaction costs are not commissions; they are clearing costs charged by the designated clearing firm (FSC) on the account. A detailed description of these transaction costs is outlined in FSWA's Agreement with FSC. Please see Part 2A Appendix 1: Wrap Fee Brochure, Titled, "FSW Advisor Services, Inc. Premier Advantage Plus Wrap Fee Program."

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

NMS may enter into performance fee compensation arrangements with qualified clients, that is, fees based on a share of capital gains, on capital appreciation of the assets or profits of a client (such as a client that is a pooled investment vehicle). These fees are subject to individualized negotiation with each client. NMS may manage accounts both that are charged an individually and/or collectively a performance based fee and charged another type of fee, such as a percentage of assets under management or an hourly fee. However, retail clients are typically charged only an AUM fee.

This may present conflicts of interest on behalf of the company as the company may have an incentive to favor accounts for which it receives a performance based fee. In such situation, we intend to discuss these conflicts (whether actual or perceived) prior to with the client.

NMS shall always seek to avoid conflicts of interest with our clients. We shall address these conflicts through disclosure so the client can always make an informed decision as to whether continue as a client of NMS.

All performance based client agreements shall require prior approval of our Chief Compliance Office and/or CEO.

### **Item 7 – Types of Clients:**

“NMS” provides portfolio management services to individuals, high net-worth individuals, corporate and institutional clients, both domestic and international, charitable institutions including foundations, endowments, pension and profit sharing plans, private pooled investment fund and hedge funds.

“NMS” may also assist clients, on a case by case basis with portfolio management services that may not fit into any one of the above mentioned services. Each of the accounts establish by “NMS” require a Minimum Account Balance \$100,000.00, with the exception of First Focus and First Freedom as their account minimums are noted in Item 5. However, advisors have the discretion to waive account minimums with Executive level approval.

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

For Portfolio Management Services, “NMS” uses fundamental and technical analysis to determine the investments in a given portfolio. In its analysis fundamental, “NMS” seeks to determine the intrinsic value of equities based on a thorough analysis of the fundamental business factors of the given stocks at time of purchase. This includes: analysis of financial statements, earnings, dividends, management stricter, competitive advantages, product offering, competitors and markets. In essence, this method of analysis evaluates the overall condition of the company (or companies in a mutual fund or ETF) to determine whether it is a sound investment. Despite the fundamental analysis performed by “NMS”, any investment in securities carry a degree of market risk and investors may lose their principal investment, in addition to management fees.

In a technical analysis, “NMS” seeks to determine the future direction of prices through the study of past market data, in addition to price and volume. This is done by charting the movement of investments to identify trends and patters used in the selection of securities to purchase and price points to buy and sell. “NMS” uses a number of stock screeners and other software to chart and analyze the movement of various investments. Despite the technical analysis performed by “NMS”, any investment in securities

carry a degree of market risk and investors may lose their principal investment, in addition to management fees.

Additionally, Portfolio Management Services, investment strategies will vary depending on the Client's financial goals and risk tolerance. Generally speaking, Clients seeking capital preservation with limited risk will be managed with passive strategies using fixed income products (e.g. bonds) and index funds whereas Clients seeking growth with greater risk will be managed with active strategies using stocks, mutual funds, ETFs, and stock options.

"NMS" will not engage in day trading, active strategies may entail additional risk due to a greater frequency in transactions, which may involve additional brokerage fees, transaction costs, and taxes. Additionally, strategies that use options may entail additional risk as losses may exceed those seen in the underlying stock. Lastly, strategies that include private placements offerings entail greater risk as these offerings have limited regulatory oversight, have less liquidity, and depend on the due diligence of the investor or investment adviser.

### **Item 9 – Disciplinary Information**

"NMS" had been operating as an Investment Advisor in the State of Nevada from April 2010 until June 11, 2010 prior to a proper filing being established. Additionally, "NMS" had an Investment Adviser Representative (who has not been registered with the firm since 2011) conducting business within the State of Nevada without being properly licensed in the State of Nevada from April 2010 through July 2010.

Without admitting or denying the statement of facts and conclusions of law contained in this order "NMS" consented to the entry of the order.

Docket/Case Number: I10-285 BLM, "NMS" received a Monetary/Fine in the amount of \$4,000.00 and an Inspection Fee of \$1000.00. All fines and fees were paid in full as of 10/01/2010

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

"NMS" is not engaged in any type of activity that may create a material conflict for its clients. "NMS" clients have the ability to move freely with no restrictions imposed on them by "NMS" or its employees. However, if future issues arise, "NMS" will inform its clients in a timely manner of the possibility of a material conflict.

NMS acts as the Investment Advisor for Steelepointe EB-5, LLC which is a private fund. No clients of NMS Advisors are ever solicited to participate in this private fund therefore there is no material conflict of interest for NMS. NMS acts as the Investment Advisor for EB5U Puerto Rico FS LP which is a private fund. No clients of NMS Advisors are ever solicited to participate in this private fund therefore there is no material conflict of interest for NMS.

**Please Note the Following Financial Industry Activities and Affiliations:**

**Trevor Saliba**

- April 2012 to the present – NMS Capital Advisors, LLC, Chairman and CEO
- September 2011 to the present – NMS Capital Securities, LLC, Registered Principal
- 2009 to the present - NMS Capital Group, Group Chairman/ CEO, Management Consulting/Private Equity

**Aaron Schottelkorb**

- November 2013 to Present - NMS Capital Advisors, LLC, Registered Representatives
- November 2013 to Present – NMS Capital Securities, LLC, Vice President
- November 2013 to Present - NMS Capital Group, Vice President
- February 2001 to the present - Real Estate Professional, Currently CA BRE Licensed Broker
- November 2009 to the present - Insurance Agent
- February 2014 to the present - Mortgage Loan Originator endorsed CA BRE Brokers License

**Stacey L. Lavender**

- March 2015 to Present – NMS Capital Advisors, LLC, EVP CCO
- March 2015 to Present - NMS Capital Securities, LLC, EVP, CCO
- March 2015 to Present – NMS Capital Group, EVP, CCO

**Item 11 – Code of Ethics**

“NMS” 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, a prohibition of rumor mongering, 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 NMS must acknowledge the terms of the Code of Ethics annually, or as amended.

“NMS” anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which “NMS” has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which “NMS”, its affiliates and/or clients, directly or indirectly, have a position of interest. “NMS’s” employees and persons associated with “NMS” are required to follow “NMS’s” Code of Ethics. Subject to satisfying this policy and

applicable laws, officers, directors and employees of “NMS” and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for “NMS’s” clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of “NMS” will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of “NMS’s” clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between “NMS” and its clients. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with “NMS’s” obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. “NMS” will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis.

**Any exceptions will be explained on the Order.**

“NMS’s” clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Stacey L. Lavender.

It is “NMS’s” policy that the firm will not affect any principal or agency cross securities transactions for client accounts. “NMS” will also not cross trades between 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 be deemed to have occurred 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.

**Item 12 – Brokerage Practices**

“NMS” will recommend First Southwest Company to all Advisory Clients using “NMS” Portfolio Management Services and other Advisory Clients that require a recommended broker-dealer and custodian. “NMS” recommends First Southwest Company primarily for its relatively low transaction cost and “NMS” familiarity with their trading platform.

Clients have no obligation to use First Southwest Company as their broker/dealer or custodian. The client has the right to choose the broker/dealer of their choice. However, clients choosing to custody their discretionary account away from First Southwest Company must ensure that “NMS” has the ability to place trades in the clients account on a discretionary basis. “NMS” will assist in ensuring that the appropriate documentation is sent to the broker/dealer, custodian of your choice.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS (SDB)**

At this time, First Southwest Company does not provide any product or services that may be construed as research or a soft dollar benefit.

### **DIRECTED BROKERAGE AND AGGREGATED ORDERS**

“NMS” will rely on First Southwest Company (or the broker dealer/custodian, selected by the Client) for the execution of transactions and will not direct trades to specific brokers. As such, clients may not receive the lowest price possible if they were to have their trades directed to specific brokers. “NMS” may make the same recommendations for similarly-situated Clients. “NMS” may or may not aggregate Client orders.

### **Item 13 – Review of Accounts**

“NMS” will review all Clients’ account holdings daily. However, “NMS’s” review of individual Client accounts will be on a quarterly basis in conjunction with the calculation of their management fees. Clients are encouraged to meet with “NMS” at least once a year to review their account as a whole, ensuring that the management aligns with their current financial condition, goals and objectives.

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

“NMS” may compensate other financial professionals (e.g. accountants, tax preparers) to refer their clients to “NMS” for Investment advisory services. The use of referral compensation may constitute a conflict of interest. For referrals that engage “NMS” for investment advisory services, “NMS” will compensate the financial professional a portion of “NMS’s” fees. Generally, this portion will be a one-time payment of 15 percent of the total fees initially collected. This would be 15 percent of the first quarter’s management fee, 15 percent of the total fixed fee amount for a Comprehensive Financial Plan, or 15 percent of the total hourly charges for a separate financial Planning Consultation. Clients may not negotiate this compensation, but Clients will not be charged any higher fees when referred by a third party than when engaging “NMS” directly. “NMS” will only compensate financial professionals that are licensed as investment advisers or investment advisors representatives or demonstrate some exemption from licensing.

## **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. "NMS" advises that you carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

"NMS" will receive discretionary authority from the client at the outset of an advisory relationship. Our client is required to sign a Limited Power of Attorney (LPOA) granting "NMS" and its Advisor the right to trade on a discretionary basis. All clients have the ability to establish limitations and restrictions on their accounts. "NMS" will require all investment guidelines and restriction to be provided to "NMS", in writing by the client. When selecting securities and determining amounts to be invested, "NMS" and the advisor will observe the investment objectives and will acknowledge all limitations and restrictions provided by the client. *"NMS" will require all investment guidelines and restriction to be provided to "NMS" in writing.* It is "NMS's" responsibility, as well as the client's to inform one another of a material changes in investment strategy or changes in the risk tolerance by the client.

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

As a matter of firm policy and practice, "NMS" does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. "NMS" may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about "NMS's" financial condition. "NMS" has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.