

**Item 1 – Cover Page**

**Northwood Securities LLC  
Form ADV Part 2A  
Firm Brochure**

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**Brochure Date: March 2015**

This Brochure provides information about the qualifications and business practices of Northwood Securities LLC (“NWS” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Michael P. Sullivan, Chief Compliance Officer, at (212) 573-0802. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

NWS is a Registered Investment Adviser. Registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an Investment Adviser.

Additional information about NWS is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for NWS is 172421.

Please contact Lindsay Pinzino, at (212) 573-0866 to obtain a free copy of our Brochure. Additional information about NWS is also available via the SEC’s website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 – Material Changes**

The initial Firm Brochure for NWS was created on July 23, 2014, when the firm submitted its initial Registered Investment Adviser application with the SEC. Since that date the following material changes have occurred within the firm:

NWS began managing 2 separately managed accounts totaling \$386.5 million (as of 12/31/14), which comprise its entire client roster as of the date of this Brochure.

To support this initial growth stage, the Firm has established a team of twelve employees. Those directly involved with client accounts are profiled in the firm's ADV Part 2B document, the Supplemental Brochure. This document is available upon request.

### **Item 3 - Table of Contents**

#### **Table of Contents**

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 - Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients .....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations .....	10
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	11
Item 12 – Brokerage Practices .....	12
Item 13 – Review of Accounts .....	15
Item 14 – Client Referrals and Other Compensation .....	16
Item 15 – Custody .....	16
Item 16 – Investment Discretion .....	16
Item 17 – Voting Client Securities .....	17
Item 18 – Financial Information.....	17

## **Item 4 – Advisory Business**

### **A. Description of Firm and Principal Owners**

Northwood Securities LLC (“NWS” or the “Firm”) is a privately-held Investment Adviser that provides global real estate securities portfolio management services on a discretionary basis primarily to U.S. institutional investors. The Firm was founded in July 2014 and is owned by an affiliated Registered Investment Advisor, Northwood Investors LLC (“NWI”) and by its President & Chief Executive Officer James E. Rehlaender. The principal owners of NWI are its President and Chief Executive Officer, John Z. Kukral (individually and through related family entities) and Erwin K. Aulis, Chief Operating Officer of NWI. NWS and its principal owners are headquartered in New York City.

### **B. Description of Advisory Services**

NWS provides discretionary investment advisory services on a continuous basis for Clients in the form of separate accounts and sub-advisory services.

NWS focuses on investing in publicly traded equity securities in the United States, Europe and Asia of companies whose business is to own, operate, develop and manage real estate. The primary emphasis is on real estate investment trusts (“REITs”) or corporations that are “principally engaged” in the ownership, construction, management, financing or sale of residential, commercial or industrial real estate. “REITs” are defined as companies that are permitted by local regulations to avoid payment of taxes at the corporate level by paying out a substantial portion of income to shareholders as dividends. “Principally engaged” means that at least 50% of a company’s revenues are derived from such real estate activities or at least 50% of the fair market value of a company’s assets is invested in real estate.

Depending on their investment objectives, Clients may tailor the investment strategies offered by the Firm, as further described below. Investment guidelines and restrictions are determined jointly by the Firm and the Client at the onset of the relationship.

### **C. Tailoring Advisory Services to Individual Needs**

NWS provides discretionary investment advisory services to Clients pursuant to written Investment Management Agreements (“IMA”). The terms of such advisory services, including any restrictions on investments in certain types of securities, are established by the Firm, as modified through negotiations with Clients, and will be set forth in the IMA and/or any offering documents, organizational documents and/or other documentation applicable to certain investment vehicles. Generally, Client portfolios will follow NWS’s standard guidelines, but the Client may customize portfolios in certain situations. Examples of such customization may include the use of a benchmark different from that of the strategy’s standard benchmark or the exclusion of certain securities from the portfolio.

#### **D. Wrap Fee Programs**

NWS does not participate in wrap fee programs.

#### **E. Assets Under Management**

As of 12/31/2014, NWS had \$386.5 million in total assets under management.

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

#### **Management Fee**

NWS and its Clients negotiate all fees for separately managed accounts prior to or concurrent with entering into an IMA. The IMA between NWS and the Client sets for the specific manner in which fees are charged by and paid to NWS.

NWS will send an invoice directly to each Client for investment management services in accordance with the terms included in the IMA. Generally, Client management fees are billed monthly or quarterly in arrears calculated based on a percentage of the market weighted average value of the assets under management during the month/quarter. Payment is due within thirty days of billing.

The standard fee schedule typically charged for a **U.S. REIT** separately managed account is:

<b>Assets Under Management</b>	<b>Fee</b>
First \$10 Million	0.75%
Above \$10 Million - \$30 Million	0.65%
Above \$30 Million - \$50 Million	0.50%
Above \$50 Million - \$100 Million	0.40%
Over \$100 Million	Negotiable

The standard fee schedule typically charged for a **Global, Asia or International Real Estate Securities** separately managed account is:

<b>Assets Under Management</b>	<b>Fee</b>
--------------------------------	------------

First \$10 Million	1.00%
Above \$10 Million - \$30 Million	0.90%
Above \$30 Million - \$50 Million	0.75%
Above \$50 Million - \$100 Million	0.65%
Over \$100 Million	Negotiable

### **Incentive Fees**

NWS does not currently charge incentive fees.

### **Redemption and Termination**

Clients may withdraw their funds as specified by the terms in the IMA negotiated with the Firm.

The Client or NWS may cancel the investment advisory services for a separately managed account upon 30 days prior written notice, unless otherwise specified in the IMA. In the case of any termination, management fees will be determined on a pro rata basis through the date of termination.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Any advisory fees paid in advance by Clients that terminate intra-quarter will be refunded based on the number of days the account was open during the quarter.

### **Other Fees and Expenses**

The Firm'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 and other third parties such as fees charged by other 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.

NWS may purchase for Clients shares of non-proprietary funds or unit trusts where an advisory fee is assessed as an expense of the fund. In these instances, Clients are, in effect, paying two advisory fees on the value of assets invested in these funds.

Neither NWS nor NWI personnel receive compensation for the sale of securities or other investment products.

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

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

NWS does not currently charge incentive or performance fees. NWS's affiliate, NWI, serves as an Investment Advisor for pooled investment vehicles that charge performance-based fees. Given that performance fees can be earned by NWI, a potential incentive exists to allocate public real estate investment opportunities to pooled investment vehicles for which NWI serves as Investment Advisor. Although the pooled investment vehicles for which NWI serves as advisor may invest in public real estate securities pursuant to their respective offering documents, the primary objective of such pooled investment vehicles is private real estate investments. NWI provides corporate and administrative services to NWS, including office space, utilities and certain overhead. NWI and NWS operate as separately managed entities with separate investment committees and separate chief investment officers and will make independent investment decisions. NWS and NWI have adopted and implemented policies and procedures intended to prevent potential conflicts of interest with respect to common ownership, accounts with multiple fee arrangements, and the allocation of investment opportunities.

When NWS identifies an investment opportunity whereby two or more Clients should participate in a specific purchase or sale of a security, the allocation of the investment opportunity will be allocated pro rata across all respective Client accounts. As a result, there can be no assurance that a single Client will receive as large an allocation in respect of limited investment opportunities as it might otherwise have absent these considerations.

NWS will not knowingly favor any account over another in allocating investment opportunities. However, this does not mean that each Client account will participate in every investment opportunity. Depending on the relevant account's investment objectives and risk profile, an account may or may not participate in any specific opportunity.

#### **Item 7 – Types of Clients**

NWS currently provides investment advisory services to institutional investors, and anticipates providing these services to high net worth individuals, pension and profit sharing plans, charitable organizations, pooled investment vehicles, corporations and other types of businesses.

The customary minimum portfolio amount considered for institutional discretionary real estate securities portfolio management is \$20,000,000. Minimum portfolio amounts may be negotiated on a case by case basis.

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

NWS will generally manage Client portfolios utilizing real estate investment strategies that focus on investing in both U.S. and non-U.S. companies whose business is to own, operate, develop and manage real estate. The primary emphasis is on real estate investment trusts (“REITs”) or corporations that are “principally engaged” in the ownership, construction, management, financing or sale of residential, commercial or industrial real estate. The Firm identifies investments through research-driven fundamental analysis. Generally, the Firm is benchmark agnostic as its investment decision-making process tends to review all real estate and any other holdings equally and will look to benchmarks as a barometer for investment risk control management.

## **Investment Methodology and Strategy**

### *Research Process and Portfolio Construction*

The investment process for each Client begins with a thorough understanding of each Client’s investment objectives, in accordance with their IMA. The Firm employs a top-down and bottom-up approach in its investment analysis. The investment team consisting of portfolio managers and research analysts (the “Team”), incorporates both qualitative and quantitative inputs and integrates a top-down macro perspective with bottom-up fundamental company analysis to identify the most appropriate securities to include in an investment portfolio.

The Team will continually monitor investments and will add or reduce exposure to certain securities held in the Client’s portfolio when it is deemed appropriate.

## **Risk Management**

NWS structures each Client portfolio to mitigate risk. Client portfolios may include diversified holdings across regions, countries, sectors and market capitalization, for example, in order to meet the objective of the Client’s risk profile.

NWS monitors and analyzes valuation tools such as the company’s internal rate of return, earnings multiples, cash flow and leverage in order to mitigate risk.

## **Risk of Loss**

*Investing in securities involves risk of loss that Clients should be prepared to bear.*

There can be no assurance that any separately managed account or pooled investment vehicle will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of investments in which such separately managed account or pooled investment vehicle participates. Accordingly, an investment should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that projected or targeted returns for any

separately managed account or pooled investment vehicle will be achieved.

NWS will invest in publicly traded real estate securities. As such, NWS's investments will be subject to the risks inherent in the ownership of real property and publicly traded equity securities. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing, potential liability under changing environmental and other laws, uninsured casualties, the exercise of the right of eminent domain by governmental entities, acts of God and other factors that are beyond the control of NWS. Accordingly, Clients who retain the Firm to manage their assets may experience a greater degree of risk compared to having an Investment Adviser employing an asset diversification investment strategy.

The upheavals in the United States and global financial markets that began in 2008 illustrated the possibility of extraordinary and unprecedented uncertainty and instability in such markets. NWS looks at market risk associated with publicly traded real estate securities based on the political, economic and real estate fundamental factors associated with investing in a specific region, country or city. Setting broad diversification guidelines as a form of risk control, NWS adds risk premium to companies operating in emerging markets and with significant development components. The Firm seeks to control risk by focusing on companies with conservative balance sheets, high quality assets and experienced management teams.

NWS may make investments outside the U.S. Such investments involve risks and special considerations some of which are not typically associated with U.S. investments. These include political risks, economic risks, legal risks, foreign currency and exchange risks, accounting and tax risk, restrictions on repatriation of capital and profits and different tax requirements. Investments in emerging markets may be subject to a greater risk of loss than investments in more developed markets, as they are more likely to experience inflation risk, political turmoil and rapid changes in economic conditions.

Each of NWS's investment strategies may be deemed to be a speculative investment and is not intended as a complete investment program. It is designed only for Clients and investors who are able to bear the economic risk of the loss of their investment, can afford to be a "long-term investor" and who have a limited need for liquidity in their investment.

From time to time, NWS may take an investment position or action for one or more accounts that may be different from, or inconsistent with, an action or position taken for one or more other accounts having similar or differing investment objectives. These positions and actions may adversely impact, or in some instances may benefit, one or more affected accounts.

Trade errors and other operational mistakes occasionally may occur in connection with the management of Client accounts. In addition, with the increased use of technologies such as the internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites.

## **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 the evaluation of the Firm or the integrity of the Firm's management.

*NWS does not have any disciplinary information applicable to this Item to disclose.*

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

The majority owner of NWS is NWI, an affiliated Investment Adviser registered with the SEC. NWI is an advisor to pooled investment vehicles whose primary investment objective is private debt and equity real estate investments in retail, hospitality, office and multifamily residential sectors. In addition, subsidiaries of NWI may earn fees for providing property management services to certain properties owned by the pooled investment vehicles for which NWI serves as advisor. The net fees earned by such property management services reduce the management fees paid by the investors in the pooled investment vehicles.

NWS may share general real estate market and economic research with NWI. In addition, NWS and NWI will share certain back office and administrative functions. Neither Mr. Kukral nor Mr. Aulis is involved in the execution of NWS's investment strategies or the management of Client accounts on behalf of NWS.

## **Conflicting Fiduciary Duties**

As previously noted, pooled investment vehicles for which NWI serves as Investment Advisor have the ability to invest in public real estate securities. Such pooled investment vehicles have the potential to invest in the same securities purchased by NWS for its Clients. The pooled investment vehicles advised by NWI may also receive information associated with publicly traded securities in connection with the sale or other disposition of property holdings held or contemplated for acquisition by the pooled investment vehicles managed by NWI. The possession of such information may limit the ability of NWS to buy or sell particular securities of such entity on behalf of certain of its Clients, thereby limiting the investment opportunities or exit strategies available to such Clients. NWI and NWS believe that reasonable policies and

procedures have been implemented to prevent the likelihood of such an event.

In addition, in the process of acquiring or selling real estate properties, NWI may have to enter into contractual agreements with counterparties that may limit or restrict NWI and its affiliates, such as NWS, from transacting in publicly traded securities associated with those counterparties. While NWI will attempt to mitigate the impact of such restrictions on NWS, when the imposition of such restrictions is required to complete a transaction on behalf of NWI's Clients, the best interests of NWS's Clients may be superseded by those the Clients of NWI and NWS may be constrained from acting on an opportunity to acquire or liquidate an investment on behalf of NWS's Clients an inherent conflict until such restriction has lapsed.

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

NWS has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Rule"). This Rule requires NWS to adopt a code of ethics that sets forth a standard of business conduct reflecting the fiduciary obligations of NWS and its supervised persons.

Our Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, investors, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession and the interests of investors along with the Funds above their own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- To the extent practicable, avoid or disclose any conflicts of interest that are material to investors and the Funds;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on employees and the profession; and

- Abide by the requirements contained in the Investment Advisers Act of 1940, as amended, and rules thereunder, as well as applicable provisions of the securities laws.

NWS's Code prohibits employees from trading in certain securities and also requires employees to: (1) pre-clear certain personal securities transactions; (2) report personal securities transactions on at least a quarterly basis; and (3) provide NWS with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

The NWS Code of Ethics will be provided to any Client or investor or prospective Client or investor upon request.

From time-to-time, various potential and actual conflicts of interest may arise from the investment advisory activities of the Firm, its employees and affiliates. The Firm, its employees and affiliates may give advice to, or take action for, their own accounts or other Clients that may differ from, conflict with or be adverse to advice given or action taken for a Client or Clients.

See Item 12 for information with respect to Principal and Agency Cross Transactions.

## **Item 12 – Brokerage Practices**

### **Broker Selection**

Generally, NWS will select broker-dealers through which to effect transactions on the basis of best execution. "Best execution" does not simply mean effecting transactions at the lowest possible commission rate, transaction costs and price, but includes a number of factors mentioned herein.

NWS will seek to effect transactions at a price, commission and transaction cost (e.g., mark-up or mark-down) that provides the most favorable total cost or proceeds reasonably attainable under the circumstances. The Firm may consider various factors when selecting broker-dealers including, but not limited to, the nature of the portfolio transaction, the size of the transaction, the broker's trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, willingness to commit capital, access to a particular trading market, security conditions (e.g., liquidity, volatility), and the value of research it provides.

NWS will have discretion to determine, without obtaining prior consent from any Client, the:

- broker or dealer to execute transactions; and
- commission rates or commission equivalents charged for effecting transactions.

Clients' transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions (and mark-ups or mark-downs) than would be the case for more

routine services.

NWS's Best Execution Committee meet quarterly to consider the items included in the agenda presented. The committee will also collectively rate all approved broker-dealers. The resulting broker-dealer rankings will assist the portfolio managers when allocating brokerage. Periodic evaluation of broker relationships will be made by the Best Execution Committee to determine the appropriateness of commissions paid and services received.

### **Cross-Trades**

NWS does not intend to execute Cross Trades. However, if NWS were to determine that cross trades would be advantageous to both parties, it would arrange to use an unaffiliated broker-dealer or custodian to cross investments and/or cash between Client accounts. However, no accounts subject to ERISA with less than \$100 million in assets may be included in any cross trade. (Cross trades involving ERISA accounts over \$100 million may be permissible, so long as certain policies and procedures are adopted and implemented, as described in Rule 408b-19. See Rule 408b-19 for additional information). NWS will check each Client's contract and file to see if cross trades are allowed and if advance knowledge or consent is needed prior to executing any such trades.

### **Research and Brokerage Services**

It is NWS's policy to not use Soft Dollars to pay for research and brokerage services. If NWS determines that the use of Soft Dollars is in the best interest of its Clients, prior to implementing any such program, NWS will then establish policies and procedures designed to mitigate any inherent conflicts of interest.

### **Aggregation and Allocation**

NWS will seek to allocate trades in a manner that is fair to all Clients. For each trade in which Client accounts seek to participate, the portfolio manager will prepare a written preallocation prior to NWS submitting an indication of interest. The portfolio manager will seek to establish a preallocation that is fair in light of each account's size, diversification, cash availability, investment objectives, and any other relevant factors. If NWS receives a full allocation, then Clients will participate according to the written preallocation. For oversubscribed IPOs, NWS will allocate shares pro-rata to the extent reasonably possible, as long as not de minimis and in round lots.

NWS will not knowingly favor any account over another in allocating investment opportunities. However, this does not mean that each Client will participate in every investment opportunity. NWS aims to own the same securities, in the same proportions with a similar percentage in cash within a given investment strategy, unless relevant Client guidelines dictate otherwise. Depending on the relevant Client's investment strategy, a Client may or may not participate in any specific opportunity. NWS has established a Portfolio Policy Committee that monitors for performance dispersion between Clients using the same strategy to ensure fairness of trade allocation.

See Item 14 below for additional information with respect to payment for Client referrals.

## **Directed Brokerage**

A Client may direct NWS to effect transactions in the Client's account through a specific broker-dealer. Under such a directed brokerage arrangement, the Client is responsible for negotiating terms for their account directly with the broker-dealer. NWS will only direct brokerage pursuant to specific instructions that have been signed and dated by the Client.

For accounts subject to directed brokerage arrangements, NWS will not aggregate trades or seek better execution services or prices from other broker-dealers. NWS will place trades on behalf of accounts subject to directed brokerage arrangements after trading on behalf of other accounts. Consequently, NWS may not obtain best execution on behalf of Clients that direct brokerage; such Clients may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions than would otherwise be the case.

Before initiating management of an account subject to a directed brokerage arrangement, NWS will review the financial solvency and execution capabilities of the designated broker-dealer. Upon completion of the review, NWS will either approve the arrangement or ask the Client to reconsider the direction.

In order to meet directed brokerage mandates and trade in an efficient manner, NWS may ask Clients that direct brokerage to permit the use of "step-out" trades. NWS will document any step-out trades on the relevant trade ticket and in its order management system.

## **Trade Errors**

From time-to-time, the Firm may cause a trade error to occur. Trade errors may happen as a result of buying or selling the incorrect amount of shares (e.g., 10,000 shares were purchased when the intention was to purchase 1,000 shares), transactions that were effected in the wrong Client account, and mistakenly labeling an order to buy shares as an order to sell shares, among other reasons. When trade errors occur, the Firm will correct the error promptly. In the event that the Firm caused the error, the Firm will make the Client whole for the loss unless the equities of the situation may cause an unjust enrichment for the Client. If the Client caused the error, if applicable (e.g., the Client advised the Firm that a certain amount of funds would be wired to the account on a certain day but a substantially smaller amount was wired or the funds were not wired and the Firm acted upon the Client's advice), the Client will bear the cost of the error. If a third-party caused the error (e.g., the Firm properly gave trade instructions to a broker-dealer but the broker-dealer executed the order incorrectly), the Firm will take steps to collect from the third-party the amount of the error; however, there is no guarantee that the Firm will be successful recuperating such funds, in which case the Client will bear the loss.

## **Principal and Agency Cross-Transactions**

Section 206(3) of the Advisers Act prohibits NWS and any Employee or other affiliate from trading

with any Client on a principal basis, or from recommending an agency cross trade to both participants, unless NWS discloses the capacity in which it is acting to each participating Client in writing before completion of the transaction, and obtains each participating Client's consent to the transaction.

In a no-action letter to Gardner Russo & Gardner, issued June 7, 2007, the staff of the SEC indicated that the requirements on principal trades imposed by Section 206(3) would apply to a cross trade involving any account that was 25% or more owned by an adviser and its controlling persons.

Prior to the settlement of any principal transaction, the CCO is responsible for obtaining any affected Client's informed written consent to the transaction. Any such consents will be retained.

NWS is neither registered as, nor is affiliated with, a securities broker-dealer.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Clients' accounts will be reviewed by the members of the Team and the Portfolio Policy Committee. Daily monitoring of accounts will be performed to verify, among others things, Client transactions, the receipt and disbursement of funds, and compliance with Clients' investment guidelines and restrictions. In addition, the Firm's internal account records for each Client will be reconciled against the Clients' custodial statements on a daily or monthly basis.

### **Client Reports**

We will report to our Clients on a calendar quarterly cycle. Our standard reporting package will include the Client account summary, portfolio holdings and performance reports. We will also provide a one-page snapshot of the account with portfolio statistics such as Top Ten holdings, Country/Sector Allocation and Current Dividend. The Firm will write quarterly reviews that will also be included in the package. Less formal monthly updates will also be available upon request. These can be provided via hard copy and/or electronic reporting.

On the investment side, we will generally offer our Clients the opportunity to have a quarterly review meeting or conference call. Client needs and expectations will be discussed at the onset of the relationship and meetings will be scheduled accordingly. Our investment review meetings will consist of a performance review, highlights of changes that took place in the portfolio during the period in question as well as our market outlook.

Any day-to-day issues or ad-hoc requests will be dealt with immediately and followed up on as required.

Clients will generally receive written account statements from their respective custodian as

well as the Firm on a quarterly basis. Clients are encouraged to compare the statements provided by NWS to their custodial statements and notify their custodian and the Firm should discrepancies appear.

See Item 15 for additional information with respect to custody of assets.

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

### **Client Referrals**

NWS does not currently have any solicitor arrangements in place to compensate a third party for client referrals. Should NWS decide in the future to enter into a solicitor arrangement, it will abide by the necessary rules and regulations as outlined by the SEC and any other state or self-regulatory organization governing such arrangements.

## **Item 15 – Custody**

NWS will not retain custody of Client assets or have access to Client funds and securities through the direct debiting of fees or signature authority granting access to such assets. Separately managed account Clients' assets will be held by their respective qualified custodian of their own selection.

NWS's statements may vary from custodial statements based on accounting procedures, reporting dates, and valuation methodologies of certain securities.

Qualified custodians are responsible for, among other things, opening and maintaining a custody account or accounts in the name of the Client and holding and administering all assets of the Client as shall be deposited by the Client from time to time with and accepted by the custodian. Pursuant to custodial agreements, each custodian will clear the respective Clients' securities transactions which are effected through other brokerage firms. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the Client's investment assets.

NWS will urge Clients to carefully review such statements and compare such official custodial records to the account statements that we may provide.

## **Item 16 – Investment Discretion**

### **Investment Discretion**

As an Investment Advisor, NWS is granted the discretionary authority pursuant to the IMA with a Client to determine which securities and the amounts of securities to be bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.

NWS will generally receive discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Subject to the Firm's consent, Clients may provide specific investment restrictions and guidelines (e.g., limitations on security exposures). In all cases, however, the Firm exercises such investment discretion in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining the amounts of securities to be bought or sold, NWS will seek to comply with the investment policies, limitations and restrictions of the Clients.

Investment guidelines and restrictions must be provided to the Firm in writing and must be agreed to by both parties.

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

The Firm has developed policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Investment Advisers Act.

This Rule generally requires the Firm to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to securities in the Clients' accounts where we exercise voting discretion are voted in the best interest of our Clients; (ii) to disclose how information may be obtained on how we vote proxies; and (iii) to maintain records relating to our proxy voting.

NWS has retained ProxyEdge to assist in the proxy voting process. Absent specific Client instructions, NWS votes Client proxies according to recommendations made by ProxyEdge. NWS ensures that ProxyEdge votes all proxies according to Clients' specific instructions and NWS's general guidance, and retains all required documentation associated with proxy voting. NWS requires ProxyEdge to notify NWS if ProxyEdge experiences a material conflict of interest in the voting of Clients' proxies. In addition, NWS incorporate Glass Lewis recommendations to help streamline the proxy voting and recordkeeping process. NWS has adopted and implemented policies and procedures that are reasonably designed to provide sufficient ongoing oversight of its proxy advisory firms.

NWS has established a Proxy Policy Committee to appropriately address any proxy voting conflicts of interest that arise.

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

NWS does not have any financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients. In addition, the Firm has not been the subject of a bankruptcy proceeding.