

ADV Part 2A Appendix 1
Wrap Brochure
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This wrap fee brochure provides information about the qualifications and business practices of Nepsis Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (952) 746-2003.

Additional information about Nepsis Capital Management, Inc. is available at the SEC's website at www.advisorinfo.sec.gov.

Please note that registration of an investment advisory firm does not imply a certain level of skill or training. 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.

Table of Contents

Item 1	Material Changes	3
Item 2	Services, Fees, and Compensation	3
Item 3	Account Requirements and Types of Clients	5
Item 4	Portfolio Manager Selection and Evaluation.....	6
Item 5	Client Information Provided to Portfolio Managers.....	8
Item 6	Client Contact with Portfolio Managers.....	9
Item 7	Additional Information	9

Item 1 Material Changes

Nepsis Capital Management, Inc., has an affiliate advisor, Nepsis Advisor Services, Inc. (Nepsis Advisor Services), that as of this annual renewal filing amendment, is now filed as a related adviser under rule 203A-2(b) as a Registered Investment Advisor that controls, is controlled by, or is under common control with an investment adviser that is registered with the SEC. Our principal office and place of business is the same as the affiliate adviser. For more information, please review Section 2.A(8) of Schedule D.

Item 2 Services, Fees, and Compensation

About the Firm

Nepsis Capital Management is a registered investment advisor located in Minneapolis, Minnesota. Our Investment Advisor Representatives offer investment advisory services, financial planning, and consulting to our clients. We also offer sub-advisory services to other investment advisory firms. Both Nepsis Capital Management, Inc. and Nepsis Advisory Services, Inc., its affiliated advisory firm, perform their services to clients acting as a fiduciary.

Nepsis Capital Management manages client assets. As of December 31, 2016, our discretionary assets under management were \$286,244,465.

About the Wrap Fee Program

Nepsis Capital Management provides discretionary portfolio management services to meet your investment needs and objectives. These services are typically offered as a wrap fee program, but some exceptions may be made. Nepsis Capital Management also offers its wrap fee program to clients of Nepsis Advisor Services, Inc., its affiliated firm through the investment advisor representatives of Nepsis Advisor Services.

We receive a portion of the wrap fee for our services. There is no difference between how we manage wrap fee and non-wrap fee accounts.

The total cost of the individual services provided as part of the wrap programs, if purchased separately, could be more or less than the cost of each representative program as a whole. The factors that bear upon the relative cost of the program include the cost of the services if provided separately and the trading activity in your account.

The Nepsis Capital Management or Nepsis Advisor Services representative recommending the wrap fee program will receive compensation as a result of your participation in the program. This may be more compensation than they would have received if you participated in the non-wrap fee program or paid separately for investment advice, brokerage, and other services. The Investment Advisor Representatives may have an incentive to recommend the wrap fee program over other programs or services.

Our Investment Advisor Representatives are granted authority to manage your account subject to any restrictions you may choose to provide. Accordingly, we are authorized to perform necessary management functions, at your expense, without your further approval. Such functions include, but are not limited to, the determination of which securities will be purchased and sold, and the amount of securities to be purchased and sold.

Once the portfolio is constructed, Nepsis Capital Management provides continuous supervision and optimization of the portfolio as market conditions and client circumstances change.

When appropriate, Nepsis Capital Management may use Sub-Advisors, who are unaffiliated third party managers, to manage a portion of the client account. Clients receive the Form ADV Part 2 disclosure brochures of these unaffiliated managers at the time they sign the Advisory Service Agreement. For their services, the Sub-Advisors receive a portion of the investment advisory fee we collect from you, but their portion is not in addition to what you pay us.

Fees for the Wrap Fee Program

Nepsis Capital Management charges Wrap Fee accounts a maximum annual advisory fee of 2.50% of the value of the assets under management. This fee is negotiable at the discretion of Nepsis Capital Management.

Performance Reporting/Account Maintenance Fee (Quarterly): \$21.25

The primary difference between the wrap fee program and the non-wrap fee program is that the fees in a wrap fee program are inclusive of transaction costs, whereas you retain responsibility for transaction costs associated with trades in non-wrap fee program accounts. You should be aware that by paying the transaction charges in addition to the annual advisory fee, you might pay more than those clients who elect to have their assets managed through the wrap fee program. The transaction and custodial charges are not paid to us, but are instead paid to the Custodian of client assets.

The total cost of the individual services provided as part of the wrap and non-wrap programs, if purchased separately, could be more or less than the cost of each respective program as a whole. Factors impacting total cost include your ability to:

- Obtain the services provided within the programs separately with respect to the selection of investments,
- Invest and rebalance the selected investments without paying a sales charge, and
- Obtain performance reporting comparable to those provided within each program.

Termination – Portfolio Management

The portfolio management agreement may be terminated within five (5) days of the date of execution without financial penalty to the client. After the five (5) day period, either party may terminate the portfolio management agreement by providing written notice to the other party. In the event the portfolio management agreement is terminated during a calendar quarter, portfolio management fees will not be refunded.

Nepsis Capital Management offers a competitive fee structure to our clients. When making cost comparisons, clients should be aware that any combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation, and fees.

If an account is actively traded, or if the client does not qualify for reduced sales charges for mutual fund purchases, our fees may be less expensive than separately paying the sale charges and advisory fees. If an account is not actively traded, or if the client would qualify for reduced sales charges on mutual fund purchases, the fees in these programs may be more expensive than if utilized separately.

Other Fees Associated with Investing

The advice provided by Nepsis Capital Management may involve investing in mutual funds. All fees we receive for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there are transaction charges involved with purchasing or selling of securities. Nepsis Capital Management does not share in any portion of the brokerage (trading) fees and transaction charges imposed by the custodian holding the client funds or securities. You should review all fees charge by mutual funds, Nepsis Capital Management and others to fully understand the total amount of fees you will pay.

Clients do not typically pay custodial fees because Nepsis Capital Management primarily offers our portfolio management services as a wrap fee program. This wrap fee includes your trading costs. We may charge a fee for such things as margin interest, a fee for a retirement account, or a transfer fee. If you opt to pay your custodial and trading expenses, you should consult your custodial agreement for more information on what you will be charged.

Item 3 Account Requirements and Types of Clients

Nepsis Capital Management provides services to individuals, high net worth individuals, retirement accounts, charities, and other businesses.

Nepsis Capital Management requires a minimum of \$250,000 to open and maintain an advisory account. We may waive this requirement at our discretion if, for example, the Client appears to have significant potential for increasing assets under our management.

Item 4 Portfolio Manager Selection and Evaluation

Nepsis Capital Management is the Portfolio Manager for the wrap fee program. This could create a conflict of interest in that we are recommending ourselves as the manager of your assets. To address this conflict of interest, Nepsis Capital Management consistently monitors the performance and quality of the advice we provide to our clients. We compare our performance to industry benchmarks, but no third party reviews our performance. Because we are a portfolio manager for the program, a description of the services we provide is below.

Financial Planning Services

Nepsis Capital Management can assist you with the management of your financial resources with personalized financial planning and consulting services, principally advisory in nature, to you regarding the management of your financial resources based upon an analysis of your individual needs. Our Investment Advisor Representatives are qualified to provide financial planning services and advice on matters involving investments and non-investment related topics such as tax planning, estate planning, retirement planning, college and education planning, among others.

Nepsis Capital Management will assist you in developing a strategy for the successful management of income, assets, and liabilities by collecting detailed information regarding your financial goals and objectives. After careful analysis, a written financial plan will be provided to you.

Nepsis Capital Management creates financial plans based on financial information you disclose to use at the time of plan creation. Please be advised that certain assumptions may be made in plan calculations with respect to interest and inflation rates as well as past performance of the market and economy. Past performance is in no way an indication of future performance. Nepsis Capital Management cannot offer guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify Nepsis Capital Management promptly.

Sub-advisory Services

Nepsis Capital Management offers sub-advisory services to other investment advisory firms. When doing so, we will provide the other investment advisory firm, or its clients, with investment research or suggested trades. We may have investment discretion for the other advisory firm's clients. The advice we give to these clients may be similar or identical to the advice we give you.

Research Services

Nepsis Capital Management offers a variety of research services, including Research and Analysis, Portfolio Analytics, and Speaking Services. Our Research Services are designed for other financial advisors. These services are described below.

1. **Research and Analysis** includes macro market commentary and is distributed in several documents.
 - a. Weekly Market Analysis PowerPoint known as “The Weekly Market Update”
 - b. Weekly Market Recap Word document known as “The Bottom Line”
 - c. Monthly global topical research Word document known as “The Compass”
 - d. Quarterly Economic Update PowerPoint known as “Economic Update & Market Outlook”
2. **Portfolio Analytics** includes the development of mutual fund, variable annuity, and ETF model portfolios.
 - a. Quarterly written summary in a Word document of each fund category, why we have chosen each option, and if any changes are warranted and why
 - b. Quarterly Fund Rankings Excel Spreadsheet Stoplight report highlighting the ranking of each fund, the return of each model, and how they performed versus the market
 - c. Morningstar Report of each model and each fund option
3. **Speaking Services** includes educational workshops to the public and continuing education classes for Kaplan University
 - a. Financial Representatives may hire our representatives to speak and client educational workshops
 - b. Kaplan University may hire our representatives to teach Asset Allocation and beyond to their continuing education classes

Performance-Based Fees and Side-by-Side Management

Nepsis Capital Management does not accept performance-based fees. We do not perform Side-by-Side management. In side-by-side management, a firm manages a portfolio of securities concurrently with client portfolios. It is our opinion that clients do not usually benefit from side-by-side management.

Methods of Analysis, Investment Strategies, and Risk of Loss

Nepsis Capital management advises individual clients regarding the investment management of mutual funds, exchange-traded funds, variable annuities, variable life products, and offers

separate account managers of equities and bonds. In some circumstances, we may advise clients regarding other securities, such as individual stocks and closed-end funds. Investment strategies and policies, as well as risks, are included and described in the relevant prospectus and registration statements provided to you at the time of investment in a specific product.

Nepsis Capital Management uses the following methods of security analysis:

- Charting – analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices
- Fundamental – analysis performed on historical and present data, with the goal of making financial forecasts
- Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices

Nepsis Capital Management primarily uses the following investment strategies when implementing investment advice given to our clients:

- Long Term Purchases – securities held at least a year
- Short Term Purchases – securities sold within a year

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, each method of analysis has its own inherent risks and limitations.

For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Short-term investment strategies require a short investment time period to potentially develop, but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

Voting Client Securities

Nepsis Capital Management will not vote proxies on your behalf. You retain proxy voting rights unless you make other arrangements with the custodian of your assets. You will receive proxies or other solicitations directly from the custodian of your assets. You may contact us with questions about proxies.

Item 5 Client Information Provided to Portfolio Managers

Nepsis Capital Management is the portfolio manager of the wrap fee program. Therefore, we have access to any information you provide us.

Item 6 Client Contact with Portfolio Managers

Please contact your referring representative for routine matters, as they may be able to assist. If the portfolio management team needs to get involved, this will be coordinated by the referring advisor.

Item 7 Additional Information

Disciplinary Information

Neither Nepsis Capital Management, nor any of our management persons, have been subject to any disciplinary proceedings that are material to a client's or prospective client's evaluation of Nepsis Capital Management or the integrity of its management.

Other Financial Industry Activities and Affiliates

Nepsis Capital Management has two affiliates: Nepsis Advisor Services, Inc., which is also a registered investment advisory firm, and Nepsis Retirement Services, which provides third party administrative services for qualified retirement plans. The representatives of Nepsis Advisor Services, Inc. may refer business to Nepsis Capital Management for management purposes. This may create a conflict of interest in that we will receive compensation if these related persons refer us assets to manage.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Associated persons may trade for their own account in the same securities recommended to you. They may do so at the same time as they, or a related party, buy or sell the same securities for their own account. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to you. We receive information about all of our associate's transactions and monitor them for any wrongdoing.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

Nepsis Capital Management and our personnel owe a duty of loyalty, fairness, and good faith to our clients.

Nepsis Capital Management has adopted a Code of Ethics instruction our personnel on rules for their personal securities transactions and their ethical objections to our clients. We adhere not only to the specific provisions of the Code of Ethics, but also to the general principles that guide our Code. The Code covers a range of topics including, but not limited to, general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations,

distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code to any client or prospective client upon request.

Brokerage Practices

Nepsis Capital Management does not receive any research or other products or services – other than those required to execute your investment plan – from a broker-dealer or third party in connection with your securities transactions, nor do we receive any client referrals from a broker-dealer or third party.

Nepsis Capital Management typically recommends TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc. member FINRA/SIPC, as a custodian. We chose TD AMERITRADE as our main custodian because of their customer service, technology, trade execution, and low client expenses. They have relatively low transaction fees, no custodial fees, provide many client services free of charge and provide and document data on best execution for our review and monitoring.

You may instruct us to use one or more particular brokers for the transactions in your accounts. Clients who may want to direct us to use a particular broker should understand that this may prevent us from effectively negotiating brokerage compensation on your behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses and execution, clearance and settlement capabilities that you obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. You are encouraged to discuss available alternatives with your Investment Advisor Representative.

Aggregate Trading

Nepsis Capital Management may aggregate or “bunch” buy or sell orders for two or more clients into a single order, and place the bunched order with a single broker or dealer for execution, which may be referred to as “block trading.” We are not obligated to place all transactions on a “bunched” basis. When determining whether to “bunch” orders, we rely on our judgment as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, we seek to avoid putting any client account at an advantage or disadvantage compared to other client accounts that are buying or selling the same security.

Block trading is permitted when the following conditions are met:

Orders of two or more clients may be bunched only if we have determined, on an individual basis, that the securities order is:

1. In the best interest of each client participating in the order;
2. Consistent with our duty to obtain best execution, and
3. Consistent with the terms of the investment Advisory agreement of each participating client.

When conducting a block trade, Nepsis Capital Management will determine the accounts that will participate, and the specific allocations in advance of the transaction. If the entire order is filled, you will receive your portion of the allocation specified on the trade ticket. All allocations are completed prior to the close of business on the trade date. Client accounts participating in the transaction will receive the weighted average price of the security and will incur a pro-rata share of the transaction cost.

Our books and records separately reflect, for each client for whom an order is being bunched, the securities held by, purchased, and sold for that client.

Review of Accounts

Nepsis Capital Management's compliance generally reviews accounts no less than quarterly to ensure the advisory services are consistent with your investment needs and objectives.

Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from your account, or your request for additional review.

Reports to Clients

Nepsis Capital Management will provide you with a report on a quarterly basis. Additionally, you will receive statements directly from your account custodian(s) on a monthly basis.

Client Referrals and Other Compensation

Nepsis Capital Management may compensate and employ outside persons, called Solicitors, who are directly responsible for bringing new clients to Nepsis Capital Management. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisors Act of 1940, including the requirement that the relationship between the solicitor and the investment advisor be disclosed to you at the time of the solicitation or referral. Under these arrangements, you do not pay higher fees than our typical advisory fees.

Nepsis Capital Management may enter into marketing agreements with broker-dealer firms in which representatives of the broker-dealer firm offers our services to the public. Through these arrangements, Nepsis Capital Management will pay a cash referral fee to both the solicitor and to

the broker-dealer firm, based on a percentage of our advisory fee under the terms of a written agreement. The amount of the fee may vary depending on the broker-dealer firm.

Unaffiliated advisors, and/or investment advisory representatives, may refer clients to each other for advisory services in exchange for referral fees. Those unaffiliated advisors may, in turn, share a portion of the referral fee with other individuals or entities from whom the referral was generated.

In any case, applicable state laws may require these persons to become licensed either as representatives of Nepsis Capital Management, or as an independent investment advisor. We will request that our clients acknowledge this arrangement prior to acceptance of the Clients' account for advisory services.

Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you.

Miscellaneous Disclosures

Privacy Policies

Nepsis Capital Management views protection of its customers' private information as a top priority, and pursuant to the requirements of the Gramm-Leach Bliley Act, we have instituted policies and procedures to ensure that customer information is kept private and secure.

Nepsis Capital Management does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client's account, Nepsis may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Nepsis Capital Management restricts internal access to nonpublic personal information about the client to those employees who need to know that information in order to provide products or services to the Client. As emphasized above, it has always been and always will be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the customer, or as required by law.

Class Action Lawsuits

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. Nepsis Capital Management has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. Nepsis Capital Management also

has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Nepsis Capital Management has no obligation or responsibility to initiate litigation or recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Where Nepsis Capital Management receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.

Trade Errors

From time to time, errors may occur in trading. Examples of such errors are such things as Nepsis Capital Management personnel entering an incorrect number of shares to be traded or possible entering an incorrect investment name, symbol, or CUSIP number for the transaction. If such an error occurs, Nepsis Capital Management will be responsible for any loss than might accrue to the Client. Likewise, in the event of excess gain, Nepsis Capital Management will donate any amount gained through the trading error to:

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