



## Item 1 – Cover Page

Northwest Capital Management, Inc.

Main Office:

1 Centerpointe Drive, Ste 115 Lake Oswego, OR 97035  
503.597.1616 | [service@nwcm.com](mailto:service@nwcm.com)

Seattle Office:

601 Union Street | Suite 2600  
Seattle, WA 98101-4000  
206-707-7599

Date of Brochure: April 2024

---

This brochure provides information about the qualifications and business practices of Northwest Capital Management, Inc. If you have questions about the contents of this brochure, please contact us by phone at 503-597-1616 or by email at [service@Nwcm.com](mailto:service@Nwcm.com). 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.

Additional information about Northwest Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Northwest Capital Management, Inc. is 108091.

Northwest Capital Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

If Northwest Capital Management, Inc. provides advisory services under a verbal agreement and before the execution of a written advisory agreement, our agreement to provide you services cannot be assigned by us without your prior consent.

## **Item 2: Material Changes**

Our previous annual update to the Brochure was dated March 2024.

Northwest Capital Management, Inc. (“NWCM”) has been acquired by Carson Group Holdings, LLC. The transaction closed on June 10, 2023. NWCM is now an affiliated firm of Carson Group Holdings, LLC. Ron Carson has transitioned into being Founder and Chairman of Carson Group Holdings, LLC. Burt White has been named Chief Executive Officer of Carson Group Holdings, LLC. Daniel Applegarth has been named Chief Financial Officer of Carson Group Holdings, LLC.

NWCM encourages you to read this Brochure carefully and to call us with any questions.

Under federal and state regulations, we will ensure that Clients receive a summary of any material changes to this Brochure within 120 days of the close of NWCM’s fiscal year end, along with either a copy of this Brochure or an offer to provide the Brochure. If NWCM experiences material changes at other times during the year, we will send you a summary of our “Material Changes” under separate cover. For more information about our firm, please browse to [www.NWCM.com](http://www.NWCM.com). Additional information about NWCM and its investment adviser representatives is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A link to this website is available at the bottom of our Homepage at [www.NWCM.com](http://www.NWCM.com).

### Item 3: Table of Contents

Item 4: Advisory Business.....	4
Types of Advisory Services .....	4
Investment Management Approach .....	6
Personalized Investment Services.....	7
Assets under Management .....	8
Item 5: Fees and Compensation.....	9
Additional Fees and Expenses.....	11
Item 6: Performance-Based Fees and Side-By-Side Management .....	12
Item 7: Types of Clients .....	12
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Risks Involved in Particular Types of Securities Recommended by the Firm .....	14
Item 9: Disciplinary Information.....	15
Item 10: Other Financial Industry Activities and Affiliations .....	15
Conflicts of Interest.....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	17
Item 12: Brokerage Practices .....	19
Client Referrals.....	21
Directed Brokerage .....	22
Item 13: Review of Accounts.....	22
Item 14: Client Referrals and Other Compensation .....	23
Item 15: Custody .....	23
Item 16: Investment Discretion.....	25
Item 17: Voting Client Securities .....	26
Voting Guidelines.....	27
Client Requests for Information.....	27
Item 18: Financial Information .....	27
Privacy Policy .....	28

## **Item 4: Advisory Business**

Northwest Capital Management, Inc. is an investment management firm. We are about fifteen people who research investment options, manage Client portfolios, advise, and consult to ERISA<sup>1</sup> and non-ERISA retirement plans, undertake personal financial planning, and provide performance reporting—all part of an ongoing effort to help investors achieve their investment goals.

Some of our Clients are individuals. Their investment goals can include financial security and a comfortable retirement. Clients who are retirement plan sponsors (and plan fiduciaries) generally want best-of-class investment options, effective participant education, assistance with regulatory compliance, and relief from fiduciary liability. Our Institutional Clients have important corporate and charitable objectives to develop, maintain, and finance.

The firm was founded by Fred Payne. First working with investors in 1985, Fred increasingly saw the importance of a fee-based advisory business and offered such services exclusively starting in 1990. In April 1998, Fred incorporated his investment practice as Northwest Capital Management, Inc. Brent Petty joined Fred in 2005, assumed leadership of the firm's retirement plan consulting business, and became NWCM's president in 2010. A sale occurred effective February 29, 2020, in which Fred sold all his shares in NWCM to Brent, making Brent the controlling owner of NWCM and ensuring the long-term, fiduciary stewardship of NWCM. Fred has not retired and continues working with NWCM under a long-term employment contract.

Much of his corporate duties have been eliminated, allowing him to focus most of his time on Client service. Fred remains a voting member of NWCM's Investment Committee. Fred, like us all at NWCM, is enthusiastic to provide answers to, and solutions for, our clients' most basic question: How do I invest my money to achieve my goals?

Northwest Capital Management, Inc. (NWCM) has been acquired by Carson Group Holdings, LLC. Carson Group Holdings, LLC, through its subsidiaries, is a multi-custodian advisory firm with over \$20 billion in advisory assets. The transaction closed on June 10, 2023. NWCM is an affiliated firm of Carson Group Holdings, LLC.

### **Types of Advisory Services**

With no qualifying statements, Northwest Capital Management, Inc. always acts as a fiduciary in our dealings with Clients.

---

<sup>1</sup> ERISA is an acronym for the Employment Retirement Income Security Act of 1974, federal legislation that governs most employee benefit programs.

We provide a wide range of services to three categories of investors:

1. Our Institutional Clients contract with us for such services as asset allocation studies, manager searches, investment management and performance reporting.
2. Retirement Plan Sponsors ask us to help them evaluate their existing service providers, or to undertake a search for new ones. They ask us to evaluate and monitor the Investment Alternatives offered to their plan participants. We make recommendations about the continued suitability of an Alternative or its replacement. Most often, Plan Sponsors ask us to serve in a legal capacity as an Investment Manager as defined by the Employee Retirement Income Security Act of 1974 ("ERISA") whereby Retirement Plan Sponsors delegate to us the discretionary authority to identify, monitor and replace their plans' Investment Alternatives. Through this delegation, Plan Sponsors achieve important statutory relief of personal liability. Sponsors can also have us manage Model Portfolios and provide investment education to participants.
3. Besides investment management, our Private Clients look to us for help with financial planning, a process in which we enumerate and quantify investment objectives. Typical financial objectives include saving adequately for retirement, funding children's college education, and achieving financial independence. Given a combination of time, capital, risk tolerance and an expectation for return, we evaluate various scenarios. Clients then identify the scenario that is most acceptable and appropriate to their circumstances. Once achievable and realistic investment objectives are defined, we make specific recommendations for the investment of assets among cash, stocks and bonds and other financial instruments. Such recommendations might include the purchase, sale or holding of securities.

We do advise Private Clients on the advisability of investing in "private investments" such as real estate, private equity, private debt, and limited partnerships. If in that instance we are to charge a fee for the advice, we will enter into a separate advisory agreement specific to the services we will provide and the amount of our compensation.

Financial planning services are facilitated by our Big Picture Study® internet site. Financial planning services can include advice on tax management and estate planning. In-depth, detailed advice in these areas is normally offered with your attorney or accountant. (We can provide more comprehensive planning upon request.) We do not sell life insurance or annuities; however, we frequently recommend that Clients own a certain amount of life insurance, or that they consider benefits of investing within an annuity. We can if asked to recommend a firm from which Clients can purchase insurance or an annuity. We do not receive commissions or referral fees for this service.

### **Investment Management Approach**

Northwest Capital Management, Inc. historically has managed “fund of fund” portfolios, investing in various mutual funds (ones we consider “best of class”) to obtain exposure to different asset classes and management styles. As an alternative to mutual funds, we purchase exchange-traded funds (“ETF”) or collective trusts. In the income-oriented accounts of Clients, we can buy coupon bonds or insured certificates of deposits, generally holding these investments until their maturity.

Certain Clients come to us with ownership of stock positions—long-term holdings whose sale would cause significant tax consequences. Or these securities might have some sentimental value to them, e.g., stock in a company at which they spent their working career. When Clients do not wish us to sell a specific security, we can build a portfolio around it by minimizing security holdings in that stock’s industry sector or in its market capitalization. Clients can always impose restrictions on our investing in certain securities or types of securities.

Increasingly, we are adding “Alternative Investments” to Client Portfolios. Alternative Investments—or Alts— are narrowly defined as any investment that does not fit into the conventional categories of cash, bonds, or stocks, for example, managed futures, commodities, and derivative contracts. Alts also include niche investment strategies such as multi-strategy, market neutral, credit long/short, event driven, and global macro. Alt investments typically have low correlation to either stocks or bonds and are used to increase diversification within your portfolio. References in this Brochure to stocks or bonds assume we can substitute a percentage of a stock and bond allocation with Alts whose risk and return characteristics are similar. We purchase alternative investments through mutual funds and ETFs to ensure daily liquidity.

The mix of cash, bonds, and stocks primarily determines the risk and reward characteristics of an investment portfolio. Getting the correct mix of stocks versus bonds and cash is imperative. Within the mix of stocks and bonds, we see our job as investing in those securities which our research identifies as our “best ideas”, be they individual securities, indexed funds, actively-managed funds or Alts. We undertake research into the investment capabilities of a fund’s manager. We need a strong conviction that throughout a market cycle the security can add value to a diversified portfolio across asset classes, here in the U.S. and abroad. We want the portfolio to include stocks of different market capitalizations, investment strategies, geographic concentrations, credit quality and varying fixed income durations. We sometimes take an active approach to our fund allocations, over- or under-weighting different securities given our economic and market forecasts.

When providing services to Retirement Plan Sponsors and Institutional Investors, we are generally guided by a Statement of Investment Policy (“SIP”) which states, among other things, the risk parameters, investment objectives, and the minimum performance criteria and measurable benchmarks that each security must generally meet. We use these criteria and benchmarks (both quantitative and qualitative) to narrow the universe of potential portfolio investments. The SIP can also impose restrictions on our investing in certain securities or types of securities.

Most Private Clients authorize us to act with discretion. When managing their portfolios, we base our trading decisions on the same disciplined security analysis we do with Retirement Plan Sponsors and Institutional Clients; however, we do not employ SIPs. In our investment and financial planning activities, we help Private Clients decide upon a Target Allocation of Equities versus Fixed Income securities that controls the composition of the portfolio—particularly as it impacts their cash flow needs for income. Given what are often “fluid” financial circumstances, this Target Allocation can change frequently. In our quarterly reporting to Private Clients, we confirm the Target Allocation that is the basis for the investment strategy we are implementing; and we compare the Portfolio’s actual allocation of Equity and Fixed Income securities to the Target Allocation.

We can exercise discretion for the selection of specific securities to be owned within the Equity and Fixed Income allocations of Private Client portfolios only if the resulting portfolio represents prudent diversification given such factors as capitalization, industry group, geographic region, bond duration, credit quality and other generally accepted industry criteria. We do not engage in any principal or agency cross-transactions.

Besides the larger portfolio accounts which we manage, some Clients might have smaller accounts we do not actively trade. For these accounts, we typically provide minimum reporting to track its value.

### **Personalized Investment Services**

We offer an investment service we call Signature Portfolio Strategies, a comprehensive investment approach that has as its foundation our financial planning services. Using our Big Picture Study® online software, we analyze your circumstances and resources to determine achievable financial goals such as saving for the education of children, retirement income, tax reduction, financial independence, philanthropy, and wealth transfer. (The Big Picture Study® website is available for you to log into 24/7 and can be updated daily to reflect the values of, and transactions in, their various accounts regardless of custodian.) Given this analysis, we implement investment strategies which can give you confidence in their financial success.

Your investments may be custodied among several brokerage accounts, such as trusts, IRAs, Roth IRAs, 401(k) plans, and taxable accounts. A Signature Portfolio can incorporate some or all accounts into one strategically coordinated investment portfolio. A Signature Portfolio can own indexed and actively-managed funds, exchange-traded funds, individual stocks and bonds, and alternatives. You might have investments within your company’s 401(k) plan where investment options are typically limited. Such securities are given investment weight within a Signature Portfolio as if they were one of our discretionary selections.

For each Signature Portfolio, we produce a performance report that can consolidate investments from multiple Client accounts as if they were owned in one account with one investment objective. (You access our performance reports via the Internet unless special arrangements are made for mailing reports.)

In 2017, we suspended an investment service called Portfolio Bright associated with Institutional Intelligent Portfolios™, an automated investment management solution facilitated by Schwab Wealth Investment Advisory Inc. and its affiliates. In its place, we offer a proprietary investment service called Core Portfolio Strategies.

Using indexed funds and exchange-traded funds (ETFs) to keep expenses and trading costs low, Core Portfolios (as do Signature Portfolios) will own securities here in the U.S. and overseas, with different market capitalizations, some with a value or a growth bias, in developed and emerging markets, and bonds with differing maturities, credit quality and currency risks—all designed to achieve meaningful and prudent diversification. Core Portfolio accounts differ from Signature Portfolio accounts in that Core Portfolios:

1. Will not own individual stocks or bonds; and
2. Are limited to a single brokerage account.

Our determination of a suitable investment strategy for a Portfolio Bright account was generally limited to the answers Clients would give to a questionnaire as part of the online enrollment process. For our Core Portfolio Strategies, we offer, in addition to some online tools, one-on-one discussions with you to help determine which of the many Core Portfolio strategies is most appropriate. Given the low fee structure of our Core Portfolio Strategies service, we must limit financial planning services we otherwise provide to Clients with a Signature Portfolio Strategy.

We do not participate in “wrap fee programs.” In a wrap fee program, all administrative and management fees are paid with one fee. The fees for our management of your assets are not “all inclusive.” Internal fees of the mutual funds in which we invest are variable. Sometimes transaction fees or custodial fees will apply.

You will sign an investment advisory agreement with us before we affect any trades in your account. The agreement spells out your and our obligations in the relationship, our trading authority, and our fees. Each of us can terminate the agreement for any reason upon 30-days written notice.

Our Advisory Agreement includes terms that will bind and will inure to the benefit of your heirs, executors, personal representatives, successors, and assigns. If you enter into our Agreement in your capacity as a trustee of a trust, you will agree that our advisory contract, including any discretionary trading authority you have granted to us, and including any instructions you have given us regarding the assets or trading in your account, will bind, and will inure to the benefit of, any successor trustee of the trust. We will continue to manage the assets in your account after you are no longer the trustee of the trust (whether from death, resignation or otherwise) until the successor trustee terminates the Agreement upon a 30-day written notice.

## **Assets under Management**



As of December 31, 2023, we managed or advised \$6,825,274,960 of assets for Clients. \$1,442,743,365 in discretionary assets and \$5,382,531,594 in non-discretionary assets.

Most of the retirement plans we advise are participant-directed, meaning that the participants can exercise control over their accounts. (When participants fail to make investment choices, their accounts are invested within a “default” Investment Alternative such as a Model Portfolio.) The primary responsibility for identifying the Investment Alternatives from which participants construct their portfolios, or for constructing the Model Portfolios in which they can invest their account balances, is that of the plan’s fiduciaries, e.g., most frequently us, but at other times, the Plan’s Investment Committee.

When plan fiduciaries engage us to participate in this decision-making, we become co-fiduciaries to the Plan, i.e., we are subject to the fiduciary responsibility standards of the Employee Retirement Income Security Act of 1973 (“ERISA”). We can be retained either as an ERISA §3(21) fiduciary or a §3(38) fiduciary. When the plan fiduciaries have delegated discretionary authority to us to determine both the list of Investment Alternatives and the investment allocations of Model Portfolios, we act in the capacity of a §3(38) fiduciary or “Investment Manager”.

A §3(38) Investment Manager offers important statutory relief of fiduciary liability to the plan’s trustees and investment committee. Retirement Plan Sponsors cannot claim this statutory relief when engaging us as a §3(21) fiduciary.

When calculating the market value of assets we manage with discretion, we make no distinction between assets managed with discretion for Private and Institutional Clients and those assets under our supervision as a §3(38) Investment Manager for retirement plans.

## Item 5: Fees and Compensation

We charge fees for our services in one of three ways:

1. A fee based on the amount of assets in your portfolios;
2. A fixed dollar amount; or,
3. An hourly rate.

Most often, our fees are asset-based. We include in our Advisory Agreement a table like the one below that defines “tiers” of market value and a corresponding advisory fee rate.

Existing Clients (Prior to July 2023)

<b>Tiered Market Values</b>	<b>Tiered Fee Rates</b>
\$500,000 or less	1.40%

---

\$500,001 to \$3,000,000	0.90%
\$3,000,001 to \$4,000,000	0.75%
\$4,000,001 to \$10,000,000	0.70%
Greater than \$10,000,001	0.65%

## New Clients (After July 2023)

<b>Tiered Market Values</b>	<b>Tiered Fee Rates</b>
\$500,000 or less	1.50%
\$500,001 to \$3,000,000	1.00%
\$3,000,001 to \$4,000,000	0.85%
\$4,000,001 to \$10,000,000	0.70%
Greater than \$10,000,001	0.65%

The table above reflects our standard fee rates. This schedule or a variation is used in calculating the advisory fee we will charge you:

1. We first determine the market value of your account as of the last day of the prior calendar quarter. If our first bill for services is for a partial quarter, we can at our option use as the market value your portfolio's average capital base during that partial quarter.
2. We calculate your portfolio's market value falling within each tier in the Table.
3. We then multiply each tier of your portfolio's market value by its corresponding Tier Fee Rate.
4. We total the results of each calculation from Step 3 to determine our Annual Advisory Fee.

Your quarterly asset-based payment to us will be one-fourth of the amount calculated in Step 4 above (subject to any minimums, maximums, or other adjustments in our Advisory Agreement).

Consider this example of our asset-based fee calculation. Assume your portfolio is valued at \$2,500,000 at the end of the prior calendar quarter. We would calculate a blended rate: 1.50% of the first \$500,000 of portfolio value (or \$7,500); and 1.00% of the next \$2,000,000 of portfolio value (or 20,000); The total of these calculations is \$27,500. One-fourth of \$27,500, or \$6,875 for the calendar quarter.

Our fees are variable given such criteria as complexity, geographic location, your tenure as a Client, etc. There are also occasions in which our fees are greater than method described above would compute. This usually occurs when there is a start-up retirement plan or an unusually large commitment of time to financial planning is contemplated. In these instances, we can add additional tiers, adjust the dollar amount of tiers and the corresponding percentages, add a base fee, or impose a minimum fee to cover a scope of services disproportionate to the dollar value of assets in the portfolio. A maximum fee may also apply. Our fees are negotiable, including all factors in our fee calculations.

The Annual Advisory Fee for smaller portfolios can be higher as a percentage rate than the rate charged for larger portfolios. However, larger accounts pay a larger dollar amount of fees. All factors in the calculation of your fee are spelled out clearly in our Advisory Agreement.

Fees for institutional Clients (retirement plans, foundations, and endowments) are charged an asset-based fee, a flat fee retainer, a project fee, or an hourly rate. The methodology of compensation varies based upon the Client and the scope of engagement.

We bill the annual advisory fee on a quarterly basis and in advance, at the start of the calendar quarter. Fees are based on the value of the account on the last business day of the previous quarter. If asset management services are commenced in the middle of a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed. If a deposit more than \$1,000 occurs during a billing period after the fee calculation, the fee for the billing period will be recalculated at the end of the billing period and NWCM will bill Client a second fee pro-rata, in arrears, on the additional deposits. If a withdrawal more than \$1,000 occurs during a billing period after the fee calculation, the fee for that billing period will be recalculated at the end of the billing period and Client will be refunded the pro-rate fee that was attributable to the amount of the withdrawal. You can elect to have the quarterly fee charged to one account, or split between other accounts, or you can elect to pay us by check. We prefer to charge your accounts directly. The Custodian will send client statements at least quarterly, showing all payouts from the account including the advisory fee, if deducted from the account.

Fees can be deducted from your investment account(s). Our Advisory Agreement with you—and the custodial agreements you will sign—authorize us to submit for payment of our fees directly to the custodian. The custodian debits the fees from your account(s) and sends those amounts to us. You may, if preferred, pay our quarterly fees by check. In such cases, we will send you an invoice. If you fail to pay this invoice, our Advisory Agreements authorizes us to deduct delinquent fees.

You will receive a periodic (quarterly, if not monthly) account statement from the custodian, reflecting any fees withdrawn by the custodian and paid to us. We urge you to compare statements received by their custodian to any statements/reports sent by us.

Occasionally we charge an annual, fixed-dollar fee for investment managements or consulting services instead of an asset-based fee. This fee is also charged pro-rata each quarter. We can also charge you an hourly fee not to exceed \$400 per hour for specific consulting assignments. A flat fee can be quoted based upon the estimate of hours involved multiplied by the appropriate hourly rate. A retainer can be required equal to 50% of the estimated fee. The retainer is only for services we will provide within six months from payment. The balance of payment will be billed pro rata quarterly or is due upon completion of the work. We can bill monthly or quarterly based on our progress towards completion of the project.

If you engage us for only Big Picture Study® financial planning services, this service will provide you with ongoing access to our online financial planning software during the contract term with us financial planning

services. In the first year and upon the start of our services, we will charge up to 50% of the annual fee. The balance of the fee will be charged pro rata starting no later than in the third calendar quarter. Starting in the second year, the flat fee is prorated and payable quarterly. If you also engage us for Signature Portfolio Strategy services, the fee for Big Picture Study® financial planning services can be reduced, prorated and payable quarterly.

Very comprehensive financial planning is available from us. The scope of these services and our compensation will be agreed to in advance.

We do not charge compensation as a share of capital gains or capital appreciation of any portfolio's investments. However, capital gains and appreciation can increase the value of the portfolio on which our fee is based. We can enter consulting contracts in which a portion of our fee is determined by the savings our work might produce, e.g., a lower-cost plan record keeper.

We can charge fees for services provided in the current calendar quarter as early as the first month of that quarter. The exact timing of mailing invoices or deducting fees is a function of our workload.

You can terminate our services upon a 30-day written notification, mailed, emailed, or faxed to our offices. (We can also terminate the Agreement upon a 30-day written notice to you.) If you terminate the advisory contract mid-quarter and our invoice has been paid, you will receive a prorated refund for the time during the quarter in which our services were not provided. If you have not yet paid or invoice, we will be entitled to payment of fees for the prorated period of the quarter in which we provided services.

The Brochure describes all sources of our compensation and is further affirmed within our contract with you. We receive no other compensation, either direct or indirect, other than what you pay to us.

You may be a retirement plan sponsor. One or more of the mutual funds in your Plan's portfolio can pay "revenue sharing". Revenue sharing is money that mutual funds pay to broker/dealers or service providers. The securities licensing of NWCM does not permit fund companies to pay revenue sharing to our advisory firm, but they can pay it to the custodian of plan assets. Our procedures are to have any revenue sharing paid directly into the Plan's trust account. This revenue sharing can be a credit against fees charged by Plan service providers such as us. Even if revenue sharing exceeds expenses, we do not receive additional compensation.

Revenue sharing in excess of expenses in any billing cycle often is used to offset future invoices.

The portfolios of all non-qualified retirement accounts—which include IRAs—do not receive revenue sharing. Nor do all qualified retirement plan Clients receive revenue sharing. Upon engagement of our services, we will indicate if revenue sharing is available to you. If revenue sharing is not available to you, it is not paid to us.

## **Additional Fees and Expenses**

We rarely purchase a mutual fund that involves an up-front sales charge or a contingent-deferred sales charge. A “ticket charge”, however, can apply. In these instances, the portfolio’s custodian retains such transactions charges. Please refer to section Brokerage Practices, Item 12.

Certain funds charge a Short-Term Redemption Fee (“STRF”) if shares we purchase are sold within a specified period, e.g., 90 or 120 days. For Private Clients, we do buy funds subject to STRFs if we expect to hold that fund beyond the STRF period. If the STRF might apply, we purchase the fund only if the combination of the STRF and the internal expense ratio is low. For Retirement Plan clients, the funds included within the Plan’s Investment Menu or within Model Portfolios might charge STRFs.

Each mutual fund, Exchange Traded Fund (“ETF”), or similar security in which your assets are invested also pays its own separate investment advisory fees and expense payments to other independent and unaffiliated investment advisers or service providers. This is commonly called an “expense ratio”. We purchase mutual funds and other securities you have the option to purchase directly from the sponsor, exchange, or an unaffiliated broker/dealer without paying an advisory fee to us. However, if you make such a direct purchase, sales charges might apply. You might not qualify for a lower cost, institutional class share, and you would not receive our services.

Our purchase of bonds and other types of securities may involve a “dealer” mark-up that is passed through to you. We receive no compensation from such mark-ups. Certain types of accounts can be custodied at a trust company. Trust companies charge you fees for custodial and trust services.

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

No employee of or person affiliated with us nor NWCM accepts “performance-based fees”. Performance-based fees are a share of capital gains or capital appreciation of the assets of your portfolio. Such performance-based compensation can give rise to conflicts of interests. We at NWCM strive diligently to eliminate conflicts of interest when providing services to you.

## **Item 7: Types of Clients**

We provide services to Private Clients (individual investors), Institutions, local Government and Agencies, and Retirement Plan Sponsors. Our business model prefers Clients with large portfolios, but we provide services to individuals with small account balances. Often these individuals are the family members of long-established Clients or the participant of retirement plans for whom we provide participant education.

We will regularly take on Clients comprising “start-up” retirement plans. From our experience, small retirement plans often grow into large retirement plans. We are happy to begin a relationship with you at the inception of the Plan.

Similarly, we have established advisory relationships with Private Clients just getting started in their careers. If an individual will regularly contribute additional money into their investment account, we enthusiastically provide advisory services to that Private Client. Happily, many such accounts have grown into sizeable portfolios.

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

We believe that when you need to spend your money determines how you should invest your money. The sooner the date you need money, the more conservative the investment should be. Many Clients believe a seven to ten- year investment time horizon determines if equities or fixed income securities are most appropriate. Seven to ten years historically has been sufficiently long enough to invest in equities to have a reasonable expectation of being paid for the risk the investor is taking. By helping you determine the cash flows needed from your portfolio, we can recommend an appropriate mix of equities versus fixed income securities.

Regardless of our opinions as an investment adviser about investment risk, your opinion matters the most. Your temperament to tolerate investment risk is the overriding consideration for determining the mix of equities versus fixed income securities in the portfolio: the portfolio's Target Allocation.

We will regularly confirm the Target Allocation in our quarterly performance report as this target might change given your circumstances and risk temperament. By contract, you will allow us to deviate plus or minus up to ten percentage points from that Target Allocation.

Of the mutual fund investments owned within a portfolio, the allocation of equities versus fixed income investments is often subject to the discretion of each funds' investment manager. Given that discretion, deviations from the portfolio's Target Allocation can result. Disparate performance among securities can also cause the Portfolio's Target Allocation to fall outside an acceptable range. In either of these two instances, we will periodically rebalance securities within the Portfolio to restore its allocation to within its acceptable Target range.

Once a Target Allocation is determined, we can make investment decisions: Relative to the Target Allocation and targets for various asset classes per our internal modeling, do we want to stay at targets? Or do we over- weight or under-weight U.S. versus foreign stocks? Should we favor different market capitalizations? Large versus small? Emerging markets versus developed markets? Value versus blend versus index management styles? Geographic or industry sector concentration? Short or long maturities? Government or corporate securities? High or low credit quality?

Once we make these tactical decisions, we can invest the portfolio with our "best ideas" of securities. Our tactical decisions do not result in "frequent trading."

Our research staff undertakes a regular process of security evaluation and monitoring to determine our “best ideas”. We strive to concentrate Client investments in a relatively small number of securities. The percentage of any individual Client’s portfolio invested in these select securities will vary from Client to Client depending on each Client’s investment objectives and risk tolerance. The narrow list of securities allows us to best leverage our analytic resources to undertake regular research of these securities.

Despite our best efforts at economic research, market forecasting, and security research, we can be mistaken. The consequences of being wrong are that we can under-perform the financial markets, and you can make less money than you should have given the indexed returns of the financial markets. We seek to minimize this downside risk through asset allocation with judicious minimum and maximum constraints that keep us from “betting the farm” on any one tactical decision.

Your portfolio can include mutual funds which invest in very volatile assets such as commodities, precious metals or emerging markets equity or debt. We do not over-weight a portfolio to these markets — and with the most conservative of investors, we attempt to minimize exposure to these asset classes. However, holding a portion of these assets can be beneficial to a portfolio.

Investing in securities involves a significant risk of loss which you should be prepared to bear. Our investment recommendations are subject to various markets, currency, economic, political, and business risks, and such investment decisions will not always be profitable. Know there can be a significant loss or depreciation to the value of your account, and that, the value of your portfolio can be worth less than the amount invested. There can be no assurance that an investment will achieve its investment objective and no inference to the contrary should be made. Past performance of investments is no guarantee of future results.

You are advised to, whenever practical, only commit assets for management that can be invested for the long- term. Volatility from investing can occur, and all investing is subject to risk. The value of an investment can be worth less than the amount initially contributed.

#### **Risks Involved Types of Securities Recommended by the Firm**

All investments are subject to risks. For example, the market value of equity securities will generally fluctuate with market conditions. Securities of small and medium sized companies often have greater price volatility, lower trading volume, and less liquidity than the securities of larger, more established companies. Prices of equity securities fluctuate over the short term because of factors affecting the individual companies, industries, or the security market. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions before maturity and will equal par value at maturity. Interest rates for bonds can be fixed during issuance, and payment of principal and interest can be guaranteed by the issuer.

Some additional investment risks you should know include are the following (which is not all inclusive):



- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets move in cycles, with periods of rising prices and periods of falling prices. Equity securities generally have greater price volatility than fixed income securities.
- **Sector risk**, which is the chance that significant problems will affect a specific sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- **Issuer risk**, which is the risk that the value of a security can decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- **Non-diversification risk**, which is the risk of focusing investments in a few issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **Growth investing risk**, which is the risk that the prices of growth stocks can be more volatile than other stocks and can be more sensitive to changes in current or expected earnings than the prices of other stocks.
- **Value investing risk**, which value stocks will not increase in price, will not issue the anticipated stock dividends or can will decline in price, based upon the market's belief of the issuer's intrinsic worth. Value stocks are typically less volatile than growth stocks but will lag growth stocks in an up market.
- **Smaller company risk**, which is the risk that the value of securities issued by a smaller company can go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market, and issuer risk.
- **Short sale risk**, which is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale can fail to honor its contract terms, resulting in a loss.
- **Interest rate risk**, which is the risk that bond prices overall will decline because of rising interest rates. Similarly, the income from bonds or other debt instruments can decline because of falling interest rates.
- **Credit risk**, which is the risk that a bond issuer will fail to pay interest and principal promptly, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.
- **Exchange Traded Fund (ETF) risk**, which is the risk that investment return, price, yield, and net asset value (NAV) of an ETF will fluctuate with changes in market conditions. An investment in an ETF is subject to risk, including the loss of principal. Owning an ETF generally reflects the risks of owning the underlying securities it tracks. ETFs are also subject to secondary market trading risks. Although shares of an ETF will be listed for trading on an exchange, there can be no guarantee that an active trading market for such shares will develop or continue. The trading prices of an ETF's shares

fluctuate continuously throughout the trading day based on market supply and demand, which cannot correlate to NAV.

- **Management risk**, which is the risk that the investment techniques and risk analyses applied by us will not produce the desired results and that legislative, regulatory, or tax developments can affect the investment techniques available to us. There is no guarantee that your investment objectives will be achieved.

We do not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, identify market tops or bottoms, or insulate you from losses due to market corrections or declines. You should not be surprised that the financial markets go down. When the financial markets go down, and by how much, that is the surprise.

### **Item 9: Disciplinary Information**

There have been no legal or disciplinary events of any sort pertaining to the advisory business of NWCM. No members of our staff have been involved in any legal or disciplinary events of any sort relating to their involvement in the securities industry, nor has any staff member resigned, or otherwise relinquished his or her attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

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

Our advice and services can have a significant impact on your ability to achieve your investment objectives. We take seriously our responsibilities. We fully know the trust you will place in our competence. We work hard to be deserving of that trust.

Our ability to deliver services without conflict of interest, and our independence from any mutual fund company, bank, insurance company or other financial firm of any sort, are essential for us to be deserving of your trust. Neither NWCM nor any management person or employee of our firm is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

We occasionally might recommend or select other investment advisers for you. In no instance do we receive monetary compensation directly or indirectly from those advisers. Such recommendations create no conflict of interest.

For a list of our Supervised Personnel, please request the Part B Supplement to this Brochure.

### **Conflicts of Interest**

We continue to aspire to meet the standards of the “Fiduciary Rule” promulgated by the Department of Labor and the Securities and Exchange Commission. We have always served according to guidelines ascribed to the Impartial Conduct Standard of the DOL’s rule:

1. We must act in the “best interest” of our clients, satisfying the prudent man standard without regard to our financial or other interests.
2. Our aggregate compensation must be considered “reasonable” compensation.
3. Our statements about transactions, fees and compensation, material conflicts of interest and any other matters relevant to investment decisions must not be materially misleading when they are made. Failure to disclose a material conflict of interest is deemed to be a misleading statement.

In addition, several of us hold professional credentials such as CFP® and CFA, each of which requires that the holder of the certification ascribe to a code of ethics.

As a fiduciary, we will disclose all known and possible conflicts of interest of which we are aware.

Being a level-fee adviser—meaning our compensation is flat fee or asset-based—the potential for conflicts of interest when recommending or affecting effecting trades does exist (but we believe are greatly minimized). As an example, a conflict of interest might exist should we recommend that you place or keep assets under our management versus other options such as paying off a debt.

We review the relationship of our firm with the issuer of each security to determine if NWCM or any employee have any financial, business, or personal relationship with the issuer.

We access a variety of services from multiple brokerage firms and mutual fund companies (as described further in the section titled Brokerage Practices) which benefit us because we need not produce or purchase them.

Access to these services can be contingent upon us committing a specific amount of business to these brokerage firms as assets custodied or assets invested. Does NWCM have an incentive to recommend that Clients maintain their accounts with a specific brokerage or fund company given our receipt of services that seemingly only benefit our business rather than based on your interests in receiving, for example, the best value in custody services, the most favorable execution of their transactions or the best fund management? This is a potential conflict of interest.

Because the required minimum amount of assets custodians or fund families is so low compared to the assets we do manage, routine investment decisions of ours will generally meet these minimums. We do not believe maintaining a minimum asset amount to avoid our having to pay for certain services is a material conflict of interest. Our recommendations of a custodian/brokerage firm as custodian and broker is in the best interests of our Clients—a recommendation primarily supported by the scope, quality, and price of that brokerage’s services to Clients and not those services that benefit only us.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Financial advisers, whether members of an SEC-registered advisory firm, stockbrokers, mutual fund salespersons or insurance agents, can have a conflict of interest when advising and making recommendations to Clients. Often that conflict of interest results in varying amounts of compensation. But conflicts of interests can arise in other ways.

We are bound by the Security and Exchange Commission's Rule 204a-1 to establish a Code of Ethics. We interpret the relative sections of the Advisers Act to mean we have an affirmative duty of utmost good faith to act solely in the best interest of our Clients. Under various sections of the Advisers Act, We and its employees are prohibited from engaging in fraudulent, deceptive, or manipulative conduct.

Our Code of Ethics subjects the firm and our employees to these obligations when dealing with Clients:

1. To have a reasonable, independent basis for the investment advice provided;
2. To obtain best execution for your transactions when we direct brokerage transactions for you;
3. To ensure that investment advice is suitable to meeting your individual objectives, needs and circumstances; and
4. To be loyal to Clients.

Our Code of Ethics makes certain that the high ethical standards we have long maintained continue to be applied. The Code prevents activities which can lead to, or give the appearance of, conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. Among other purposes, this Code governs personal securities trading activities in the accounts of our employees. The Code is based upon the principle we owe a fiduciary duty to Clients to conduct our affairs, including our personal securities transactions, in such a manner as to avoid:

1. Serving our personal interests ahead of those of Clients;
2. Taking inappropriate advantage of our position with the firm; and
3. Any actual or potential conflicts of interest or any abuse of our position of trust and responsibility.

The employees of our firm can acquire, increase, decrease or dispose of portions of investments while such are being acquired, held, or disposed of for you.

If you would like a copy of our Code of Ethics, we would be pleased to furnish one.

In our business, we do not recommend certain securities in which our firm or our employees have a material financial interest. For instance, we would not solicit investments in a partnership of which we were a general or limited partner.

NWCM regularly requires of its employees the disclosure of investment transactions in their personal investment portfolios. Except in trades involving any one security in less than 1,000 shares and less than \$20,000 of value in total per week, we require that employees seek advance before they can trade in certain securities; or we require that they be traded through our Operations department. There are exceptions to this reporting and advance approval requirement — even with securities we also invest in on behalf of our Clients. Such investments include:

1. Securities which are the direct obligations of the Government of the United States;
2. Bank and checking accounts (including money market accounts), e.g. bankers' acceptances, bank certificates of deposit, commercial paper and repurchase agreements;
3. Shares of open-end mutual funds (including money market funds), unless We or a controlled affiliate acts as the investment adviser or principal underwriter for the fund; and
4. Unit investment trusts, if the unit investment trust is invested exclusively in unaffiliated mutual funds

We perform investment advisory services for various Clients and can give advice and act for you which can differ from advice given to other Clients, or from the timing or nature of action taken for other Client accounts. Our policy is to allocate investment opportunities to your account on a fair and equitable basis relative to all Clients. We will have no obligation to initiate or to recommend the purchase or sale by you of any security or other asset which our employees or other Clients can purchase, hold, or sell.

## **Item 12: Brokerage Practices**

“Soft dollars” had been a means by which an advisory firm with stock-trading commission revenue paid for research or other services, as opposed to paying with its own cash resources—an option NWCM did not pursue given it traded little stocks and invested Client assets primarily in mutual funds and Exchange Traded Funds (ETF). In the highly competitive world of finance within which we all operate, most stock trades can be executed with no or little commission charge. Mutual fund and Exchange Traded Funds are becoming prominent investment vehicles. Wall Street brokerage firms are now competing for the mutual funds and ETF investments of advisory firms like NWCM to earn revenue on the spread between a bid and ask price or from fund managements fees.

NWCM sees this competition for Client dollars by Wall Street Brokerage firms from several perspectives:

1. Competent custody services with “value added” services to the RIA;
2. No-cost, preferred access to firm research for RIAs who have the potential to invest large dollars within mutual funds and ETFs; and
3. In-depth portfolio analysis and specialized research services for the RIA who invests large dollars in the investment products of a Wall Street brokerage’s mutual funds and ETFs.

At NWCM, we feel the obligation to leverage the large dollar amount of assets under our management to enhance our decision-making process when investing Client assets. We need to manage any potential conflicts of interest such leverage entails and make sure we are fulfilling our fiduciary duty to clients.

## **Custody**

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer, bank, or trust company. Several brokerage firms and trust companies have developed service capabilities that cater to independent advisory firms like us. We seek to use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other providers and their services. We consider a wide range of factors, including:

1. Capability to execute, clear, and settle trades (buy and sell securities for the account);
2. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
3. Breadth of investment products (stocks, bonds, mutual funds, exchange-traded funds [ETF], etc.);
4. Quality of services;
5. Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) And willingness to negotiate the prices;
6. Reputation, financial strength, and stability;
7. Prior service to us and our other clients; and
8. Availability of other products and services that benefit us, as discussed elsewhere in this Brochure

We are independently owned and operated and are not affiliated with any brokerage firm, custodian, mutual fund, bank or trust company. Custodians will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we might prefer one custodian over another, you choose the custodian. Clients open accounts with a custodian by entering into an account agreement directly with them. We do not open the account for you, although we can help. Regardless of the custodian of your account, we can still use other brokers to execute trades for your accounts as described elsewhere in this Brochure.

We place great importance on our ability to electronically receive information on account transactions. Our electronic link to the custodian might cause you to incur higher custodial expenses. However, if a lower cost custodial option would necessitate our tracking investment activity manually, we might charge you a higher advisory fee. That higher advisory fee could be greater than the savings of custody expenses.

Custodial and transaction costs associated with the management of your investment account are charged by the custodian to the account during a transaction or on some regular calendar basis. If custodial or trading expenses are billed to us, we secure reimbursement from you. We receive no monetary payment from the transaction fees you might be charged by the custodian.

All Client accounts are held in your name. You do not surrender ownership of the cash and securities comprising the account's assets. You retain all rights under federal securities law to proceed directly against the issuer of any underlying security in the Account. Holding your securities in nominee name is done so only for ministerial purposes. Your beneficial interest in a security does not represent an undivided interest in all securities held by the custodian but represents a direct and beneficial interest in the securities in the account.

We might refer you to a third-party investment adviser or insurance company who provides a specialized service which we do not provide, yet which is a service from which you might benefit. Examples would be a municipal bond manager who actively trades securities or an annuity company.

In very few occasions and circumstances, we maintain custody of your assets we manage. Nevertheless, we may be deemed to have custody of Client assets because you give us authority under certain circumstances (as discussed elsewhere in this Brochure) to withdraw assets from your account.

Because we have a very large dollar amount of Client assets at several custodians, we feel we receive extra attention and support from their service teams and management. We benefit operationally from the especially good service these firms provide us. A custodian's commission rates, asset-based fees, and flat fees applicable to our Client accounts might sometimes be negotiated based on our commitment to maintain Client assets in accounts at that custodian. This commitment benefits our Clients because the overall commission rates and other fees you pay are lower than they would be if we had not made the commitment. We believe we have an obligation to leverage the assets our firm services to benefit our Client it means great service support from the custodian.

The business of certain custodians is serving independent investment advisory firms like us. They provide us and our Clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to retail customers. These custodians also make available various support services. Some of those services help us manage or administer our Clients' accounts, while others help us manage and grow our business. Such support services are generally available on an unsolicited basis (we need not request them) and at no charge to us.

Custodians also provide to us other products and services that benefit us but which might not directly benefit you. Indirectly, these products and services assist us in managing and administering your accounts, including investment research, both their own and that of third parties. We can use this research to service all or most of our Clients' accounts, including accounts not maintained at a specific custodian. Besides investment research, custodians also make available software and other technology that:

1. Provide access to Client account data (such as duplicate trade confirmations and account statements);
2. Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
3. Provide pricing and other market data;

4. Facilitate payment of our fees from our Clients' accounts; and
5. Assist with back-office functions, recordkeeping, and Client reporting.

Custodians also make available services that generally benefit only NWCM--services intended to help us manage and develop our business enterprise, such as:

1. Educational conferences and events;
2. Consulting on technology, compliance, legal, and business needs;
3. Publications and conferences on practice management and business succession; and
4. Access to employee benefits providers, human capital consultants, and insurance providers.

Custodians can provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. Custodians can also discount or waive their fees for some of these services or pay all or a part of a third party's fees. Custodians can also provide us with other benefits, such as occasional, nominal business entertainment of our personnel.

#### Access to Third Party Research

Not long ago, investment research—either on the economy, on the financial markets, or specific securities— from the major Wall Street research firms was only available upon payment of a fee or under a soft-dollar arrangement. Access to this research is considered valuable to NWCM because it precludes the need for us to retain a staff to duplicate this research—costs that NWCM might not otherwise afford. This research and highly specialized investment services are more readily available without cost or a soft-dollar arrangement to firms like NWCM because of one or more of three possibilities:

1. NWCM might invest client assets in the products, e.g., mutual funds or ETFs, of the research company;
2. NWCM has invested client assets in the products of the research company; and
3. NWCM will commit to investing a certain dollar amount of client assets in the products of the research company.

This research and specialized investment services for the reasons above are a potential conflict of interest if the investment products into which we direct Client assets are inferior to other investments we might have otherwise made had we not secured this research or services at no- or low-cost. We feel the obligation to leverage the large dollar amount of assets under NWCM's management to secure such third-party research and services to enhance our decision-making process when investing Client assets. However, we will only access this research if the investments in which we will invest meet criteria for investments we have independently established without regard to the availability of no- or low-cost services. When making investment decisions and recommendations, we must make certain we are fulfilling our fiduciary duties.

#### Client Referrals



Occasionally we refer you to a third-party investment adviser or company who provides a specialized service which we do not provide, yet which is a service from which you might benefit. Examples are a municipal bond manager who actively trades a portfolio of individual coupon bonds (as opposed to a mutual fund) or an annuity company. Sometimes we have asked this adviser to comment on our Clients' individual municipal bond holdings. This adviser can occasionally solicit us to purchase a municipal bond offering which it considers attractive and suitable for our Clients. We receive no compensation for these referrals.

We have received referrals from custodial/brokerage firms involving retirement plan sponsors who have issued Requests for Proposals (RFPs) for advisory services. If we are retained as an investment adviser, the Client might ask us to evaluate the custodian who may have given us the referral. Our process for replacing a custodian is disciplined and transparent, with all information given to the Client who will decide about retaining or replacing a custodian. Our process minimizes what otherwise is a potential conflict of interest for having received the referral.

### **Directed Brokerage**

Our business might involve the execution of trades that is a traditional brokerage service. The net asset value at which we settle mutual fund trades at a custodian is normally the same share price we would receive at any other brokerage or trust company.

We almost always execute trades with the custodian of your account. If we are purchasing exchange-traded securities for multiple Clients, our practice is to aggregate those trades in one "block" with each Client trade being settled at an average price.

In certain instances, we can purchase fixed income securities from a dealer other than one with the custodian of our Client's accounts. At our discretion we select a broker to affect such trades. If such a trade is made for multiple Clients, we will aggregate these purchases and sales in one trade, settling the trade in the individual accounts of our Clients at each custodian. When transactions are aggregated in this fashion, an average of all trades will be calculated, and each Client will be charged that average price as the cost of the transaction.

### **Item 13: Review of Accounts**

For accounts in which we have trading authority, electronic links generally exist to the account's custodian. Our account records are reconciled daily with the custodian's records to reflect all transactions and current pricing. Some accounts must be manually updated upon our receipt of monthly or quarterly custodial statements. For some accounts, we are only updating market or account values.

You can access your account(s) directly and daily online through an Internet portal maintained by the custodian(s) of your account(s). NWCM also provides an Internet portal through which our Private Clients can access their accounts daily for detailed performance data.

Client accounts are reviewed no less than once per calendar quarter by a NWCM Consultant. We do license trading software that allows a staff member to regularly determine quickly if portfolios assigned to a specific portfolio model are outside acceptable ranges of allocations, and thus require review. A review of a specific account will occur any time you so request. Reviews are not put in writing unless you so request.

We allow you to have your financial plan set up on an online software service we call Big Picture Study®. The Big Picture Study® is accessible to you via the Internet 24/7. This website is routinely reviewed by our Consultants and our staff. Because the website logs your access into the site, we frequently will later review your site and data you may have entered.

We have attempted to concentrate the investments of our Clients in a relatively small number of securities. The percentage of any individual portfolio invested in these securities will vary from Client to Client, depending on each Client's investment objectives. But the narrow list of securities allows us to best leverage our analytic resources to undertake regular research of these securities.

Our research department regularly reviews our Clients' security holdings — not the accounts themselves, just the holdings most Clients own. Once each week an Investment Committee meeting is scheduled to discuss certain securities, investment strategies and market outlooks. From the discussions in these meetings, our consultants can decide about the management of Clients' accounts.

Investment decisions are made only by a few of the firm's Consultants. Other Supervised Personnel are in support roles. For a list of our Supervised Personnel, please request the Part B Supplement to this Brochure.

Clients receive statements from the custodian at least quarterly, if not each month. We also send to most of our Clients statements that include, at a minimum, a Market Commentary and an appraisal showing investment basis and current market value. Depending on the account and its relative size, we provide additional content such as:

1. A calculation of the account's rate of return over various time periods;
2. Listing all purchases and sales, excluding reinvested dividends and money market transactions; and
3. The change in market value security by security and their rates of return.

We do not track daily the market values of the accounts for some Retirement Plan Sponsors and Institutional Clients. Our advisory services extend only to monitoring the performance of the securities

within the plan. The reports we send in these instances are performance evaluations of the investment options.

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

No third party provides us any monetary payment for any investment advice or other advisory services we furnish to our Clients. (Please see the section Brokerage Practices, Item 12, for a comprehensive discussion on indirect benefits we might receive from custodians and Wall Street firms.) The only source of income we receive is that paid directly by our Clients and as disclosed to them.

We can enter into Employment Agreements with certain employees in which deferred compensation will be paid to them for a period after termination of their employment. We can base this deferred compensation on the ongoing fee revenue specific Clients pay us. Upon termination of their employment, no information of any sort is given to these employees about Clients. We respect the privacy of our Clients in all matters.

#### **Item 15: Custody**

Our Clients establish investment accounts at qualified custodians such as Charles Schwab or its banking company. These accounts are registered in your name. Although we are not a party to the account agreement between you and the custodian, the account agreement grants us—with a few exceptions—trading authority on the account. You can also allow us to deduct our advisory fees from the account unless other arrangements have been made for payment.

The custodian will send to you an account statement at least once per calendar quarter. You will also have online access to your accounts directly with custodians. We can send to you a quarterly statement of our own design. We urge our Clients to compare our account statements to those of the custodians.

In 2021, we licensed from Orion Advisor Technology new portfolio management and trading software plus a new Client portal. This software primarily serves our Private Clients. We have executed a licensing contract for new reporting software to support our Institutional and Retirement Plan clients.

Custodians send to our portfolio management and reporting software electronic downloads for most of our Client accounts. These downloads provide us with transaction data and position files so we can reconcile and balance the account data we maintain within our databases. In certain instances, we use a third-party service called ByAllAccounts to receive electronically transaction data and position files for accounts to which we cannot directly link. Our account statements and those that you receive from your custodians should agree.

Minor differences in the account statements might be due to a small difference in the price of a security. We use third-party pricing services we consider accurate and reliable. Where the price can differ, the number of shares should be the same.

Another difference in the account statements can come from posting dividends. Some mutual fund companies and individual securities pay their dividends days after the record date (the date that determines who may have the dividend). We post all dividends on the declared pay date. That pay date can be before the cut-off date for the printing of the custodian's statements, but the actual receipt of the dividend could be later. For instance, the pay date might be December 31 and properly recording that dividend should be as of December 31. However, the custodian may not receive the dividend until January 4 and the custodian might have printed the December statements. Receipt of that dividend will be reflected on the custodian's January statement with a December 31 pay date. Often the statement you receive from us for December (in this example) will include that dividend, causing a difference in the two statements.

If you see a discrepancy between the custodian statements and our statements, call us and we will always explain or correct the discrepancy.

Under the Investment Advisers Act of 1940, we are deemed to have "constructive custody" of your funds if we have the authority and ability to debit our fees directly from your accounts. And you might sign a Standing Letter of Authorization (SLOA) that gives us the authority to transfer funds to a third party as directed by you in the SLOA. This is also deemed to give us custody. (As of December 31, 2021, we had constructive custody of 345 accounts because of a SLOA.) Custody is defined as any legal or actual ability by the Firm to withdraw Client funds or securities. We must:

1. Ensure Clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to you at least quarterly;
3. Confirm that account statements from the custodian contain all transactions in your account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on your accounts for which the advisory firm deemed to have custody.

However, the rules governing the direct debit of Client fees and SLOAs exempts us from the surprise audit requirement if certain conditions (besides steps 1 through 3 above) are met. Those conditions are:

1. When debiting fees from Client accounts, we must have written authorization from Clients permitting advisory fees to be deducted from their accounts; and
2. With SLOAs, We must: (i) confirm that the name and address of the third party is included in the SLOA,

3. (ii) document that the third-party receiving the transfer is not related to us, and (iii) ensure that certain requirements are being performed by the qualified custodian.

The qualified custodian selected by you maintains actual physical custody of your assets. You will receive an account statements directly from the custodian to the email or postal mailing address provided to the custodian by you. You are encouraged to compare for accuracy information provided in reports or statements received by us with the account statements received from your custodian. It is not the custodian's responsibility to ensure that the fee calculation is correct.

If your funds or securities are inadvertently received by our firm, they will be returned to you immediately, or as soon as practical.

Sometimes, we can act as a Trustee of your assets—a situation in which we clearly have custody and are subject to a surprise examination by an accredited audit firm. For more discussion of instances in which we have such custody, please see the Financial Information section of this Brochure.

#### **Item 16: Investment Discretion**

We accept discretionary authority to manage the securities within the portfolios of our Clients. We prefer that our trading authority be discretionary; often, we will require that our trading authority be discretionary.

Logistically were we to first secure permission from each of our Clients to buy or sell a security, most of our energies would be directed towards securing that permission—time we believe is better spent on other aspects of managing your assets or providing other services. We think you should evaluate the quality of our investment advice with the benefit of 20-20 hindsight when reviewing the performance reports we send you. We do not believe that our Clients typically want to second-guess our research before a trade.

We believe that you should permit trades if your adviser earns commissions on those trades. However, we do not receive commissions of any sort. Nor is our compensation dependent on exercising trades for you. Our compensation is fee-based. We act in a capacity as a fiduciary when managing your assets. We effect a trade only because we think it is in your best interests. Because we are a fee adviser, we are not conflicted by the possibility of earning a commission when managing your assets.

Sometimes we might not exercise discretion—even in an account where you have granted discretion to us. An example of such an instance might be a trade that could cause a substantial taxable gain or loss. In certain circumstances, we will contact you before a trade. Another example is when you have called us and complained about a portfolio's market exposure given uncertain and unsettling economic times. We will not exercise discretion on accounts for which we do not have direct trading authority on the account. There are accounts—most often institutional accounts—where we do not exercise discretion. In those instances, we will make formal recommendations to an Investment Committee.

When you establish an account with its custodian, trading authority is generally given to us. You must give us permission in writing to exercise that trading authority on a discretionary basis. When accepting discretionary trading authority on a qualified retirement plan account, we will acknowledge our fiduciary status as an ERISA 3(38) Investment manager so you can claim the statutory liability protection of ERISA §405(d)(1). In all instances for all accounts, we will act as a fiduciary.

For Retirement Plan Sponsors only, constraints on our discretionary authority are generally identified within a Statement of Investment Policy ("SIP"). The SIP sets forth the risk parameters, investment objectives, and performance benchmarks appropriate to your circumstances. The SIP further defines the asset allocation parameters of investment strategies, i.e., target, minimum and maximum exposures for various asset classes. The SIP specifies minimum performance criteria and measurable benchmarks that each security must generally meet for it to be considered and to remain as an investment within the portfolio. We narrow the list of potential portfolio investments based on these criteria and benchmarks (both quantitative and qualitative). The SIP can also impose restrictions on our investing in certain securities or types of securities.

For Private Clients, SIPs are not utilized. Instead, we and you agree to a Target Asset Allocation which serves as the primary basis for our portfolio managements. We report each quarter the Target Asset Allocation we are pursuing. Despite the absence of a SIP, we employ the same security analysis in determining security selection as we do for the accounts of Retirement Plan Sponsors. We represent that your portfolio will be prudently diversified given such factors as capitalization, industry group, geographic region, bond duration, credit quality and other generally accepted industry criteria.

For some accounts not under our continuous supervision, such as some small accounts, our reporting is limited to market value appraisals and asset allocation composition.

### **Item 17: Voting Client Securities**

We act as a fiduciary to our Clients. In that capacity, we have voted proxies for securities owned within our Private Client portfolios. We always attempt to vote these proxies consistent with their best economic interests.

We maintain written policies and procedures about the handling, research, voting and reporting of proxy voting and makes disclosures about the firm's proxy policies and practices. Our policies and practices include these responsibilities:

1. Receive and vote Client proxies;
2. Disclose any potential conflicts of interest;
3. Provide information to Clients about voting proxies for their portfolio securities; and
4. Maintain relevant and required records.

## **Voting Guidelines**

Absent specific voting guidelines from you, our policy is to vote all proxies from a specific issuer the same way for each Private Client. You can place reasonable restrictions on our voting authority as you can place such restrictions on the actual selection of account securities.

We will generally vote on proposals consistent with the recommendations of the security's Board of Directors unless we learn of conflicts of interest or other concerns raised by third parties.

If a material conflict of interest exists with your interests, we will pursue one or more of these actions:

1. Disclose the conflict to you;
2. Allow you to vote proxies yourself; and
3. Address the voting issue through other objective means, such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation.

We will maintain a record of the voting resolution of any conflict of interest.

## **Client Requests for Information**

You can request information from us regarding the proxy votes associated with securities in your account, or regarding our policies and procedures. In response to such a request, we send a written response to you with the information requested and the name of the issuer, the proposal voted upon, and how we voted your proxy regarding each proposal about which you inquired.

Our Chief Compliance Office has the responsibility for the implementation and monitoring of the firm's proxy voting policy, practice, disclosure, and recordkeeping.

## **Item 18: Financial Information**

We do not require of any Client the prepayment of more than \$1,200 of fees and six months or more in advance. If we required such, we would have to provide our Clients with a balance sheet of the most recent fiscal year of NWCM.

Fred Payne serves as a trustee to non-family-related Clients. As a trustee, Fred can direct the distribution of assets from these trust accounts on his own authority consistent with a trust document. Given his powers as a trustee and given his affiliation with an investment advisory firm registered with the Securities and Exchange Commission, we are deemed to have custody of these trust accounts. Investment advisers with custody of Client assets generally must, among other requirements, provide their Clients with a balance sheet of their most recent fiscal year.

We are subject to an annual surprise audit by a certified public accounting firm for accounts in which we are a trustee. This audit report is filed with the Securities and Exchange Commission. Because of this audit, we need not provide our Clients with a balance sheet of our most recent fiscal year.

We are financially sound, with a long history of financial stability. We carry professional liability insurance in an amount not less than \$3,000,000.

We today represent the evolution of an investment practice started by Fred Payne nearly 30 years ago. We have built ourselves into the company we are because of the trust we have established with our Clients over the past quarter-century — trust earned and deserved by our unfaltering resolve to place our Clients' interests first.

## **Privacy Policy**

### **Privacy Policy – Our Commitment to You**

We treat your non-public personal financial information with confidentiality and respect. Our Privacy Policy defines the trust, privacy, and confidentiality we have with our clients. Our Privacy Policy is reasonably designed to:

1. Ensure the security and confidentiality of your records and information;
2. Protect against anticipated threats or hazards to the security or integrity of your records and information; and,
3. Protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.

### **Information We Collect About You**

You typically provide personal information when you open an account with us. This information includes financial and tax identification information, to comply with U.S. government laws and rules, as well as rules imposed by regulatory organizations and jurisdictions. We request personal information from new customers as well as from customers who have had long-standing relationships with us. Your advisor must have a reasonable basis for believing that the recommendation is suitable for you. In making this assessment, your advisor must consider your risk tolerance, other security holdings, financial situation (income and net worth), financial needs and investment objectives.

### **Responsibility to Protect Non-Public Personal Information**



Our Supervised Persons are accountable for protecting confidential client information in which they have access. We restrict access to your non-public personal information to those persons on a need to know basis.

Non-public personal information includes all information you provide to obtain a financial product or service. It also includes information resulting from any transaction or information otherwise obtained in providing a financial product or services. In addition, we maintain physical, procedural, and electronic safeguards to protect the information from access by unauthorized parties.

### **Privacy on the Internet**

We are committed to preserving your privacy on the Internet. If you contact us via email, we will use email information only for the specific purpose of responding to requests or comments. We prohibit the sale of email addresses. Only when required by law will we share email addresses and information.

### **Sharing Information**

We do not sell lists of client information. We do not disclose client information to marketing companies unless we hire them to provide specific services as listed below. We do not disclose any non-public personal information except as provided by law. We may share non-public personal information with our affiliates while processing transactions, managing accounts on your behalf, or to inform you of products or services that we believe may be of interest to you. Additionally, we may share non-public personal information with the following types of third parties: (a) our financial service providers, such as custodians, transfer agents and third-party money managers; (b) non-financial companies under servicing or joint marketing agreements, such as printing firms, mailing firms, or providing service firms data transfer information for the purpose of aggregation, or performance reports; (c) With broker-dealer firms having regulatory requirements to supervise certain aspects of NWCM's activities.

These third parties are bound by law or by contract to use your information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.

Your non-public personal information may also be disclosed to persons we believe to be your authorized agent or representative. We are also required to disclose your information to various regulatory agencies in order to satisfy our regulatory obligations and as otherwise required or permitted by law. In addition, we will disclose client information to third-party litigants when we are required to do so by lawful judicial process or by court order. We may also disclose your confidential information in response to a request from a government authority that has jurisdiction over our affairs.

### **Former Customers**

We do not disclose any non-public personal information about our former clients to anyone, except as required by law.

## Keeping You Informed

We will send you a copy of our Privacy Policy annually for as long as you maintain a relationship with us. We will provide you with a revised policy if we make any material changes. We will not change the policy to permit the sharing of non-public personal information other than that provided in this notice unless we first notify you and allow you the opportunity to “opt out” or prevent information sharing.

<b>INTRODUCTION</b>	This Privacy Notice describes the ways Carson Group Holdings, LLC. and its affiliates and subsidiaries (“Carson”, “we”, “us”, “our”) collect, use, share, and protect information about you. This Privacy Notice describes our practices in connection with information collected through our websites and other Carson services or products.	
<b>FACTS</b>	<b>WHAT DOES CARSON DO WITH YOUR PERSONAL INFORMATION?</b>	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.	
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"><li>• Social Security number and employment information</li><li>• account balances and account transactions</li><li>• transaction history and wire transfer instructions</li></ul> When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons we choose to share; and whether you can limit this sharing.	
<b>Reasons we can share your personal information</b>	<b>Does Carson share?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or to government agencies or report to credit bureaus.	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No

<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We do not share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For non-affiliates to market to you</b> If your advisor terminates his or her relationship with us and moves to another investment advisory firm, we or your advisor may disclose your personal information to the new firm.	Yes	Yes

<b>To Limit Our Sharing</b>	<p>If you would like to limit the information your advisor could share if he or she were to terminate with us and move to another investment advisory firm, please return the Privacy Opt-Out form attached to this notice.</p> <p>If you are a new customer, we can begin sharing your information 30 days from the date you receive this notice. When you are no longer a customer, we continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit sharing.</p>
-----------------------------	---

## Who We Are

Who is providing this notice?	Carson Group Holdings, LLC. on behalf of itself and its wholly owned subsidiaries and affiliates including, but not limited to, CWM, LLC., and Northwest Capital Management, Inc, both of which are registered investment advisors with the securities and exchange commission.
-------------------------------	---

## What We Do

<b>How does Carson protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Carson collect my personal information?</b>	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>▪ open an account</li> <li>▪ provide account information</li> <li>▪ give us your contact information</li> <li>▪ enter into an investment advisory contract</li> <li>▪ tell us about your investments or retirement portfolio</li> <li>▪ seek advice about your investments</li> </ul>

<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial or nonfinancial companies.</p> <p><i>Our affiliates include CWM, LLC, Northwest Capital Management, Inc, and companies with a Carson, CWM, Peak or other Carson Group Holdings, LLC-owned entity name; financial companies such as broker-dealers, investment advisory and insurance companies and nonfinancial companies such as coaching and wealth management services.</i></p>

<b>Non-Affiliates</b>	Companies not related by common ownership or control. They can be financial or nonfinancial companies. <i>Non-affiliates we may share your information with include your advisor's new investment advisory firm and may also include financial institutions such as a broker dealer.</i>
<b>Joint Marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <i>Our joint marketing partners include financial institutions such as a broker dealer.</i>
<b>Other Important Information</b>	
Accounts with a California, Massachusetts, North Dakota, or Vermont mailing address are automatically treated as if they have opted-out of our sharing as described in this notice.	
Personal information may be aggregated and de-identified (we remove any details that identify you personally). When permissible under applicable laws and regulations, we may share aggregated and de-identified information with third party providers to help deliver products, services and content that is tailored to our clients and prospective clients and for our own business purposes.	
<b>Questions?</b>	If you have any questions about our privacy policy or about how to limit our sharing, please call (888) 321-0808 or visit <a href="http://www.carsonwealth.com">www.carsonwealth.com</a>

## Privacy Opt-Out Form

If you would like to limit the personal information that your advisor could disclose or take if he or she moved to another investment advisory firm and terminated their relationship with CWM, LLC, please complete and mail the following form to:

Northwest Capital Management, Inc.  
Attention: Privacy Opt-Out  
14600 Branch Street  
Omaha, NE 68154

OR email a scanned copy of this completed form to [privacy@carsongroup.com](mailto:privacy@carsongroup.com)

You can withdraw your opt-out choice at any time by contacting us in writing at the address or email address provided above.

If your primary address is in a state that requires your affirmative consent to share your personal information with a new firm, then you must give your written consent before we will allow your advisor to take any of your personal information to that new firm.

By completing and returning this form, I am instructing Northwest Capital Management, Inc to limit the personal information about me that my advisor could disclose or take if he or she moves to another investment advisory firm and terminates their relationship with Northwest Capital Management, Inc .

Please note that for accounts held jointly by two or more persons, the privacy choices made by any account holder apply to all joint holders with respect to the account. In order for your opt-out election to be effective, you must complete ALL of the following information:

Name (please print clearly): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State/Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Financial Advisor: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_