

**NPA Asset Management, LLC**  
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Form ADV – Part 2A  
March 27, 2024

This brochure provides information about the qualifications and business practices of NPA Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (201) 476-0029 or email us at [Operations@nationwideplanning.com](mailto:Operations@nationwideplanning.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

NPA Asset Management, LLC is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about NPA Asset Management, LLC is available on the SEC's website at ***[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)***.

## **MATERIAL CHANGES**

The following is a summary of the material changes made to this Brochure since the last update on March 30, 2023:

- NPA Asset Management, LLC has updated the General Description of Services section to reflect the following:
  - As of December 31, 2023, NPA Asset has \$882,639,178 in assets under management, of which \$336,122,764 is managed on a discretionary basis and \$546,516,414 is managed on a non-discretionary basis.

You may request a copy of our current Brochure at any time, without charge, by calling us at (201) 476-0029 or emailing us at [Operations@nationwideplanning.com](mailto:Operations@nationwideplanning.com).

Additional information about NPA Asset is also available via the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with NPA Asset who are registered, or are required to be registered, as investment adviser representatives of NPA Asset.

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## GENERAL DESCRIPTION OF SERVICES

NPA Asset Management, LLC (hereinafter referred to as “NPA Asset”), is an SEC registered investment adviser. NPA Asset is affiliated through common control with Nationwide Planning Associates, Inc. (NWD) which is a FINRA licensed broker dealer with approximately 70 registered representatives (“RRs”), most of whom are also registered with NPA Asset as investment adviser representatives (“IARs”) in order to provide advisory services to their Clients. In some cases, NPA Asset’s IARs may only be registered with NPA Asset as IARs and will not be separately registered with NWD as RRs. NPA Asset makes its advisory services programs available to all NPA Asset IARs and to independently operated and unaffiliated Registered Investment Advisers (hereinafter collectively referred to as “Advisors”). NPA Asset’s selection of investment advisory services is known collectively as Advisor’s Edge.

Advisor’s Edge consists of advisory service programs available through both NPA Asset’s suite of Managed Account Programs (“MA Program”), as well as those advisory services programs available through unaffiliated third-party asset manager (“TPAM”) programs. Through the diverse and flexible list of advisory programs available through Advisor’s Edge, Advisors may select those programs that they believe are best suited to meet each Client’s individual needs and circumstances. In the complex world of investments, there are a multitude of products and services offered to the investing public. Advisor’s Edge is designed to accommodate a wide range of investment philosophies and objectives; however, Client is hereby advised that there is no guarantee, either stated or implied, that Client’s investment goals or objectives will actually be achieved.

The Advisor plays a crucial role in assisting Clients in matching their individual financial objectives, risk tolerance, and investment time horizons to the proper investment advisory services. Advisor’s Edge offers Clients the ability to take advantage of the opportunities offered by enlisting the help of investment professionals. Through the Advisor’s Edge program, Clients have access to a wide range of securities products, including but not limited to, common and preferred stocks; municipal, corporate, and government fixed income securities; limited partnerships; mutual funds; exchange traded funds (“ETFs”); options and derivatives; unit investment trusts; direct investment programs; and variable insurance products, as well as a wide range of other products and services including asset allocation services. NPA Asset or its Advisors may also offer advice related to Direct Participation Programs, including, but not limited to, alternative energy programs, research and development programs, and leasing programs.

NPA Asset has developed the Advisor Managed Program, the MA Direct Program, and the MA Custom AdvisorFlex Program for its Advisor’s Edge clients. In the case of the Advisor Managed Program, NPA Asset and its Advisors assist Clients in the development of personalized asset allocation programs. In the case of the MA Direct Program, Advisors offer the services of approved money management firms (hereinafter referred to as the “Sub-Advisors”) to assist in managing Client portfolios.

NPA Asset management and due diligence personnel also review products and services offered by third-party investment advisors. This list of available third-party investment advisors is then analyzed and filtered down to a select group of sponsors that NPA Asset believes provide the best value of account management for Advisor’s Edge Clients. To this end, NPA Asset has entered into various third-party asset management programs outside of the MA Direct programs. These accounts consist of portfolios provided by approved Sub-Advisors to assist in managing Client portfolios that may include no-load and load-waved mutual funds, ETFs,

variable annuities, individual securities, or any combination of these, that are designed to meet each Client's investment objectives.

As described above, many of our Advisors are also dually registered as RRs and solicit, offer and sell securities through NWD, an affiliated full-service introducing broker-dealer. Some Advisors are licensed as independent insurance agents through various insurance companies and solicit, offer and sell fixed and/or property and casualty insurance products in the states in which they conduct business. Some are licensed with our affiliated insurance agency, NPA Insurance Agency ("NIA"). In these capacities, they may offer and recommend securities and insurance products on a commission basis. Therefore, Advisors can potentially be acting in all three capacities when soliciting, offering and selling investment products, investment advisory services and/or insurance products to you. The registration as RRs, IARs and being licensed as independent insurance agent creates a conflict of interest when IARs solicit, offer and sell securities and insurance products for which you would pay a commission, while also soliciting, offering and selling investment advisory services and managing the assets in your accounts and charging a separate investment advisory fee. NPA Asset addresses this conflict of interest by requiring the IAR to disclose to you at the time a brokerage account is opened through NWD the nature of the transaction or relationship, his or her role as an RR, and any compensation including commissions that are paid by you and/or received by the IAR. Your Advisor is not obligated to tell you the exact amount of his or her compensation to be received from any product or advisory service, but they are required to tell you in what capacity they are acting and whether they stand to receive a commission or an advisory fee for their services. In addition, your Advisor's Form ADV Part 2B (Brochure Supplement) provides more information about their affiliations and licensing, including whether they are affiliated with NWD, NIA or any other entity that presents a conflict of interest.

As of December 31, 2023, NPA Asset has \$882,639,178 in assets under management, of which \$336,122,764 is managed on a discretionary basis and \$546,516,414 is managed on a non-discretionary basis.

### **THIRD-PARTY ASSET MANAGER PROGRAMS**

NPA Asset may assist Clients in selecting unaffiliated/affiliated TPAMs by referring Clients to the TPAM for management services. In these situations, NPA Asset and the Advisor act as "Solicitors" for the third-party investment advisor but do not provide advisory services to the Client with respect to any referred assets. After reviewing the Client's financial situation, investment objectives, and financial goals, NPA Asset and the Advisor may refer the Client to a TPAM whose investment philosophy and style appear to match the needs of the Client. NPA Asset and the Advisor are compensated for referrals by the TPAM. This compensation generally takes the form of the TPAM sharing with NPA Asset and the Advisor a portion of the advisory fee charged to the Client by the TPAM. NPA Asset and the Advisor will conduct all solicitation activities in compliance with the requirements of applicable state regulations and SEC Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

### **GENERAL CLIENT INFORMATION**

The Investment advisory services provided by NPA Asset depend largely on the information provided by the Client. For NPA Asset to provide appropriate recommendations (or, in the case of discretionary accounts, to make appropriate investment decisions) for the Client, it is very important that the Client provide accurate and complete responses to the questions asked by

the Advisor, as well as inform NPA Asset and the Advisor of changes in the Client's investment objectives, personal circumstances, and reasonable investment restrictions on the account, if any, that may affect the Client's overall investment goals and strategies. For certain of NPA Asset's advisory programs, Advisors will, on at least an annual basis, contact each Client to determine whether there has been any change in the Client's financial situation, investment objectives, investment needs, or reasonable restrictions.

In general, the Advisor selected by the Client is responsible for delivering that Client's advisory services, and Clients generally deal with matters relating to their accounts by contacting the Advisor directly.

NPA Asset charges an annual fee for its investment advisory asset-based services by charging a percentage-based fee calculated on the market value of the assets in the Client's managed account. Fees and the timing of their payment vary depending on the particular advisory Program or services selected by the Client.

Fees and fee structures will vary from Advisor to Advisor. Furthermore, each Advisor is provided latitude in determining their advisory fees subject to program maximum fees outlined below. This causes some clients to be treated more favorably if they receive the benefit of tiered pricing, house-holding, or reduced fees. Fees are disclosed to you in the investment advisory agreement that you sign. Advisors have an incentive in the fee charged to you as they receive a percentage of the fee with the remaining amount of the fee retained by NPA Asset. Your Advisor will receive the same percentage of the fee regardless of which advisory program is selected.

Depending upon the advisory program selected, the Client may pay for transaction charges, if any. For accounts opened with NWD and introduced to Pershing (e.g., MA Program accounts, Advisor Managed Account Program accounts and certain TPAM accounts), clients will incur the following transaction fees (which may be amended from time to time):

Transaction Fees for Accounts Opened with NWD		
Equities and Exchange Traded Funds	\$15	per transaction
Options	\$15	per transaction + \$1 per contract
Options Exercise and Assignment	\$35	per transaction
Fixed Income Securities	\$25	per transaction
Load and No Load Mutual Funds	\$15	per transaction
Unit Investment Trusts	\$35	per transaction

When NWD acts as the introducing broker/dealer for the Client's account, NWD passes on the securities transactions for the Client's account charged by its clearing broker/dealer, with an added charge to compensate NPA Asset for the cost of its resources utilized in processing the transactions and to generate additional revenue. Clients and prospective clients could open accounts with other broker/dealers (including accounts opened directly through Pershing and not introduced by NWD) and obtain transactions at lower costs. Depending upon the specific type of account the client maintains and the specific circumstances, Clients may negotiate the amount of securities transaction charges with their Advisor. Negotiation of such fees and charges is not, however, generally available with every Program. Clients should understand that

their Advisor shares in the fees payable under the specific program in connection with the performance of their respective services.

In addition to the charges noted above, clients incur certain charges imposed by NWD, or by third parties other than NWD, in connection with certain investments, transactions, and services in your account. In many cases, NWD will receive a portion of these fees and charges or add a markup to the charges clients would otherwise pay to generate additional revenue for NWD. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Confirmation fees,
- Margin extensions,
- Wire fees,
- Check stop fees,
- Custodial maintenance fees (for IRAs and other retirement plans accounts)
- Inactivity fees,
- Fees for maintaining certain alternative or unregistered investments,
- Performance reporting fees,
- Margin Debit fees,
- service fees, and
- Other charges that may be required by law.

Information describing the brokerage fees and charges that are applicable to a managed account are provided on NWD's website at <http://www.nationwideplanning.com/pershing-fee-schedule-client-fees.html> and may be amended from time to time. NPA Asset and its affiliate, NWD, receive other sources of revenues and compensation from third parties in connection with its services that it provides to you, which are discussed below under the heading "REVENUE SHARING ARRANGEMENTS". These sources of revenue include payments received from Pershing for our participation in its money market and sweep account programs and through its FundVest platform, which is a no-transaction-fee mutual fund platform.

The specific advisory Program selected by the Client described herein may cost the Client more or less than purchasing program services separately. Factors that bear upon the cost of the program accounts in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and Client-related services provided to the account.

Clients should be aware that when assets are invested in shares of mutual funds or variable insurance products, Client will pay both the direct management fees to NPA Asset for its services in connection with these investments and, indirectly, Client's pro-rata share of the management and other fees paid by the mutual funds or insurance product. Client may be able to invest directly in the mutual fund's shares or the insurance product without incurring the fees charged by NPA Asset. If a Client's assets are invested in a variable annuity, the Client will pay both the direct management fee to NPA Asset for its services in connection with that investment and, indirectly, the Client's pro-rata share of the management and other fees paid by the underlying mutual fund, as well as the charges under the particular annuity contract. In addition,



there may be tax affects pertaining to fund share redemptions, or surrender of policies made by or on behalf of Clients, as well as deferred sales charges or redemption fees.

NPA Asset may make recommendations or investment decisions for Clients regarding mutual funds or variable insurance products (a) with respect to which, where permitted by law, NWD receives service fees or other payments relating to a Client's investment in, or otherwise supporting NPA Asset's activities regarding, the fund or product; and/or (b) for which, where permitted by law, NPA Asset or one of its affiliates is a service provider and, as such, receives compensation from the fund or product assets. This presents a conflict of interest because NPA Asset has a greater incentive to recommend (or make investment decisions regarding) investments that provide additional compensation to NPA Asset or its affiliates. The fees and compensation include, but are not limited to, mutual funds or money market 12b-1 and sub-transfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into an account, variable annuity expenses, or other transaction or service fees. NPA Asset and the Advisor may receive a portion of these fees. Further information regarding fees and charges assessed by a mutual fund or a variable annuity are available in the appropriate prospectus.

The Client is advised that the investment recommendations and advice offered by NPA Asset and its Advisors are not legal advice or accounting advice. The Client should coordinate and discuss the impact of financial advice with his or her attorney and accountant. The Client is advised that it is necessary to inform his or her Advisor promptly of any changes in the Client's financial situation and investment goals and objectives. Failure to notify the Advisor of any such changes could result in investment recommendations not meeting the needs of the Client.

Neither NPA Asset nor its Advisors represent, warrant, or imply that the services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate the Client from losses due to major market corrections or crashes.

All fees paid to NPA Asset for investment advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by the mutual funds. A complete explanation of these mutual fund fees and expenses is contained in each mutual fund's prospectus.

The fees charged to Clients for each program are calculated as described above in the program-specific descriptions. NPA Asset shall not be compensated on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds invested by the Client.

Clients may terminate the Agreement at any time upon written notice. Termination of the Agreement shall not affect Client's obligation to pay fees and other charges through the effective date of termination. In instances where fees have been paid in advance and the termination does not coincide with the end of a billing period, Client will be entitled to a prorated refund based on services provided at the time of termination.

## **GENERAL MANAGED ACCOUNT PROGRAM INFORMATION**

### ***Execution Services***

To accommodate administration and reporting related to a Client's MA Program account and certain TPAM accounts, NPA Asset generally requires each Client to establish a brokerage account with NWD to execute the account's securities transactions. To that end, all, or substantially all, MA Program Clients establish brokerage accounts with NWD—NPA Asset's affiliated broker/dealer. Advisors are most often also registered securities representatives of NWD and will assist Clients in opening their NWD brokerage account. Clients may, however, instruct NPA Asset to open program accounts with other broker/dealer(s), subject to NPA Asset's approval. For accounts opened through NWD and maintained at Pershing, account transactions will almost always be executed through Pershing, subject to NPA Asset's obligation to seek best execution. Similarly, for accounts held at custodians other than Pershing, NPA Asset will typically execute transactions through the account's custodian, subject to its obligation to seek best execution. For detailed explanation of NPA Asset's "Best Execution" practices, please refer to the appropriate documentation.

If Clients direct NPA Asset to use a particular broker/dealer for transaction execution, Client should be aware that NPA Asset is unable to negotiate commissions or other fees and charges, or to combine the Client's transactions with those of other NPA Asset clients purchasing or selling the same securities. NPA Asset may also be unable to provide timely monitoring of transaction activity and/or quarterly performance reporting to Clients. Therefore, NPA Asset makes no representations or guarantees with regard to the services, fees, or trade execution quality of such broker/dealer in those circumstances. NPA Asset advisory services under the MA Program are generally offered on a discretionary basis. (See "Level of Authority" below.)

### ***Custody Services***

If Client establishes a brokerage account with NWD, Program account custody services are provided by Pershing LLC ("Pershing"), a member of BNY Securities Group and a subsidiary of The Bank of New York Mellon Corporation. NPA Asset may, on a case-by-case basis, permit other custodial arrangements for Client's MA Program account assets upon receipt of a request from Client to utilize another custodian. Clients are advised to consider the benefits and potential consequences of selecting a custodian other than Pershing (e.g., accommodation of fee processing; availability of data feeds to allow transaction monitoring, and preparation of performance reporting). For additional information relating to custody services, please refer to the appropriate documentation.

### ***Performance Reporting***

Subject to the specific services contracted, Clients may be provided with quarterly performance reporting for their MA Program accounts at the Advisor's discretion. The reports provide a detailed analysis of the account asset allocation, transactions and other activity during the period, securities positions and their end-of-period fair market values, and investment performances for the period. Performance reporting may be unavailable if Client elects to utilize a broker/dealer other than NWD for transaction execution or a custodian other than NPA Asset's clearing firm. (See "Execution Services" and "Custody Services" above.) Notwithstanding the delivery of a separate performance report, all Clients will receive an account statement directly from the designated account custodian that shall reflect all purchase and sale transactions,

account balances, deposits and withdrawals, interest and dividends, and other debits or credits. The Advisor will speak with the Client at least annually to review the Client's account and its performance, as well as to determine whether Client's investment objectives or financial situation have changed materially. Advisors may meet with Clients more frequently as may be agreed to in advance.

### ***Level of Authority***

Clients generally grant NPA Asset and the Advisor discretionary trading authority over their MA Program accounts. However, NPA Asset permits the Client to choose to have the Advisor provide investment advice and recommendations to Client on a nondiscretionary basis.

### **CODE OF ETHICS**

Pursuant to Rule 204A-1 under the Advisers Act, NPA Asset has adopted a Code of Ethics. NPA Asset monitors the personal securities transactions of its access persons, including, but not limited to, its employees, officers, directors, and Advisors. The Code of Ethics sets forth standards of conduct and addresses potential conflicts of interest among NPA Asset; NPA Asset's employees, agents, and Advisors; and NPA Asset's advisory Clients.

All NPA Asset Clients may request a free copy of NPA Asset's Code of Ethics by mailing a written request to:

NPA Asset Management, LLC  
Attn: Investment Advisor Compliance Unit  
32-16 Broadway 2<sup>nd</sup> Floor  
Fair Lawn, NJ 07410

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

As part of the investment advisory programs offered to Clients, NPA Asset or any of its affiliated entities may provide brokerage execution services, through its affiliated broker/dealer NWD, with respect to Client securities. NPA Asset or any of its affiliated entities may make recommendations to Clients (or, in the case of discretionary services, make investment decisions for Clients) regarding investment advisory programs, securities, and/or insurance products with respect to which and where permitted by law, (i) NPA Asset or any of its affiliated entities may receive service fees or other payments relating to a Client's investment in, or otherwise supporting NPA Assets or any of its affiliated entities' activities regarding, an investment advisory program, security, and/or insurance product; and (ii) NPA Asset or any of its affiliated entities is the investment advisor, sponsor, or other service provider, to the investment advisory program, securities, and/or insurance product and, as such, receives compensation for its services. Clients should be aware that this presents a conflict of interest because NPA Asset, its affiliated entities and each Advisor have a greater incentive to recommend (or make investment decisions regarding) investments that provide such additional compensation to NPA Asset, its affiliated entities or an Advisor.

NPA Asset or any of its employees and Advisors may purchase or sell for their own accounts securities or other investment products that are also recommended to Clients. When purchasing or selling securities, priority will be given to Client transactions. NPA Asset or any of its

employees and Advisors are subject to the provisions of NPA Asset's policies and Code of Ethics regarding personal securities transactions. These policies are designed to prevent any detriment to the Client or any benefit to NPA Asset or any of its employees or Advisors resulting from investment activities.

Generally, NPA Asset does not buy or sell securities for itself that it recommends to (or purchases or sells for) Clients; however, NPA Asset may engage in principal transactions through its affiliated broker dealer. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or an account of an affiliated broker dealer, buys from and sells any securities to advisory client. We can only engage in principal transactions in your account upon written disclosure and with your specific consent to each transaction.

## **PROXY VOTING**

### ***NPA Asset MA Program Accounts***

NPA Asset and the Advisor are expressly precluded from taking any action on behalf of the Client, will not take any action on behalf of Client, and are not obligated to render any advice to the Client, with respect to (a) the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account; or (b) legal proceedings involving securities or other investments presently or formerly held in the account, or the issuers thereof, including bankruptcies. In the event the Advisor provides advice to Clients with respect to the voting of proxies, the Advisor has a fiduciary duty to disclose to the Client any material conflicts the Advisor may have with respect to such advice. In all cases, NPA Asset or the Advisor will send, or will cause to be sent, all such proxy and legal proceedings information and documents it receives to the Client, so that the Client may take whatever action the Client deems advisable under the circumstances.

### ***TPAM Programs***

NPA Asset and the Advisor are expressly precluded from taking any action on behalf of the Client, will not take any action on behalf of the Client, and are not obligated to render any advice to the Client, with respect to (a) the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account; or (b) legal proceedings involving securities or other investments presently or formerly held in the account, or the issuers thereof, including bankruptcies. In the event the Advisor provides advice to Clients with respect to the voting of proxies, the Advisor has a fiduciary responsibility to disclose to the Client any material conflicts the Advisor may have with respect to such advice. Subject to any other written instruction from the Client to NPA Asset where the Client contracts for TPAM Program services, the Client appoints the designated Portfolio Manager as the Client's agent and attorney-in-fact, with discretion to vote proxies with respect to any securities purchased or held in the account; to execute waivers, consents, and other instruments with respect to such securities; and to consent to any plan or reorganization, merger, combination, consolidations, liquidation, or similar plan with reference to such securities. NPA Asset or the Advisor will send, or will cause to be sent, all such proxy and legal proceedings information and documents it receives to the Manager, so that the Manager may take whatever action it deems advisable. The Client authorizes NPA Asset to direct the designated Portfolio Manager to receive all shareholder communications, including proxy statements and proxies, distributed by the issuers of securities held in the account without forwarding the same to the Client.

## **DETAILS OF PROGRAMS AND SERVICES**

### ***ADVISOR MANAGED ACCOUNT PROGRAM***

The Advisor Managed Account Program offers Clients an asset management account (hereinafter referred to as the “Advisor Managed Account” or the “Account” in which NPA Asset’s IARs assist Clients in developing a personalized asset allocation program.

Advisor Managed Accounts are designed primarily to permit Advisors to assist Clients in developing custom-tailored portfolios, including, but not limited to, no-load and load-waived mutual funds; ETFs; no-load, no surrender variable annuities; individual equity securities; individual fixed income securities; Direct Participation Programs (“DPPs”); or any combination thereof. NPA Asset typically clears transactions, pursuant to its clearing agreement, with Pershing LLC. NPA Asset reserves the right to designate, from time to time, alternative clearing and custody arrangements, similar to those of Pershing. Custody of funds and securities is maintained by the various clearing firms, and not by NPA Asset.

Advisor Managed Accounts will be offered to interested Clients by the Advisor. The Advisors will obtain the necessary financial data from the Client, assist the Client in determining the suitability of the Advisor Managed Account, and help the Client select the appropriate investment objective for the Account. Each Client’s Advisor Managed Account will be opened through a contract in which the Client will authorize the Advisor to purchase and sell securities approved for sale by NPA Asset on a discretionary or nondiscretionary basis, pursuant to the investment objectives chosen by the Client.

Advisor Managed Accounts may, but are not required to, consist of a percentage mix of asset classes to assist the Client in meeting his or her needs. In the event that asset allocation services are provided to the Client by the Advisor, the percentage weightings within the asset classes will be reasonably based on the Client’s risk profile, investment objectives, and individual preferences and investment restrictions.

The Client will have the opportunity to meet with the Advisor to periodically review the assets in the Advisor Managed Account. The Advisor Managed Account may, during that time, or at other times as the Advisor deems necessary, be reallocated to reestablish the targeted percentages of the Client’s asset allocation program. In addition, with respect to discretionary services, the Advisor may reallocate the Client’s Advisor Managed Account securities holdings if market conditions, Client circumstances, or other factors call for such reallocations in NPA Asset’s or the Advisor’s reasonable judgment. The Client will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the Account initiated by the Client, the Advisor, or NPA Asset.

During any month in which there is activity in the Advisor Managed Account, the Client will receive a monthly custodial Account statement from Pershing, or a similar clearing firm, showing Account activity, as well as positions held in the Account at month-end. In addition, the Client will receive a confirmation of each transaction that occurs within the account. The Client may also receive a detailed quarterly performance report at the discretion of the Advisor. Lastly, the Client will receive an annual tax reporting statement from the Account custodian with respect to taxable accounts.

The Client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities, vote securities, and receive timely confirmations) to all assets held in the Advisor Managed Account.

**Minimum Account Size**

Generally, these services are available only for Client Accounts with an initial value of at least \$50,000. NPA Asset may, however, waive this requirement, depending upon the circumstances of a particular Client.

Clients may make additions to, or withdrawals from, their Account upon notice to NPA Asset. If at any time Account assets are less than the minimum size described herein, the Client Agreement may be subject to termination. Client is advised that the Advisor Managed Account is designed as a long-term investment vehicle and that asset withdrawals may impede the achievement of the Client's investment objectives. In any case, Client is advised that there is no guarantee that Client's investment objectives will be achieved.

**Management Fees**

Maximum Annual Account Management Fee: 3% (negotiable)

The Annual Account Management Fee is payable in advance and computed as one-quarter of the Annual Fee percentage, based on the Account balance on the last business day of the previous calendar quarter. Additional deposits of funds and/or securities during the quarter will be subject to the foregoing billing calculation. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee. Fees are based on Account value and Account type and are negotiable, but may not exceed the maximum fee noted above. Other methods of fee calculation may be possible, depending on Client circumstances and the Account size. These methods include, but are not limited to, flat- and tiered-fee billing.

Advisors may also charge a one-time Portfolio Development Fee for the initial research, investment selection, allocation, and administrative services. The maximum fee for these services is one percent (1%) of the assets under management based on the value of the Account upon opening. The Portfolio Development Fee is negotiable.

NPA Asset, through Pershing, will automatically debit the Total Annual Fee and Portfolio Development Fee from the Account. The Annual Fee will be payable first from free credit balances, money market funds, or cash equivalents, if any, and second, from the liquidation of the Client's shares of mutual funds, individual securities, or fixed income securities, pursuant to the discretionary authority granted herein.

In addition to the fees noted above, Clients may also incur certain charges imposed by third parties other than NPA Asset or the Advisor in connection with investments made through the Managed Account. These include, but are not limited to, mutual fund or money market 12b-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that may be required by law. NPA Asset and the Advisor may receive a portion of these fees. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

All fee amounts and arrangements are negotiable and NPA Asset may, in its sole discretion, waive any fee, whether on an ongoing or a one-time basis. NPA Asset may also allow for the aggregation of assets from "related accounts" for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a Client. NPA Asset reserves

the right to determine whether Client accounts are “related” for purpose of the foregoing aggregation exception.

### **MA DIRECT ACCOUNT PROGRAM**

The MA Direct Account Program offers Clients an asset management account in which Advisor assists Clients in developing a personalized asset allocation program through the use of third-party money managers (“Sub-Advisors”). The Advisor will obtain the necessary financial data from the Client and assist the Client in determining the suitability of the MA Direct Account and setting the appropriate investment objectives. For each MA Direct Account, the Client will authorize the Sub-Advisor to purchase and sell no-load and load-waived mutual funds; equity securities; fixed income securities; ETFs; and no-load, no surrender variable annuities on a discretionary basis, and to liquidate previously purchased funds or other securities pursuant to the investment objectives chosen by Client.

The Client will have the opportunity to meet with the Advisor periodically to review the performance of the Sub-Advisor. The MA Direct Account may, during that time or at other times as the Advisor deems necessary, be rebalanced in order to reestablish the targeted percentages of the Client’s asset allocation program. The assets in the MA Direct Account may also be reallocated to reflect changes in market conditions or Client risk profile. The Client will be responsible for any and all tax consequences resulting from any Client- or Advisor-initiated rebalancing or reallocation of the Account.

All transactions are generally cleared through Pershing, pursuant to NWD’s clearing agreement with Pershing. Custody of funds and securities is maintained by Pershing or other clearing firms as directed by NPA Asset. NPA Asset maintains the right to designate a substitute clearing firm and/or custodian. For any month that there is activity in the MA Direct Account, the Client will receive monthly account statements from Pershing, showing Account activity, as well as positions held in the account at month-end. In addition, the Client will receive a confirmation of each transaction that occurs within the Account. The Client will also receive an annual tax reporting statement from the Account custodian.

### **MA Direct Lockwood Asset Allocation Program (LAAP)**

The MA Direct Asset Allocation program offers Clients an asset management account (hereinafter referred to as the “LAAP” or the “Account”) in which NPA Asset, in its capacity as an RIA, and the Sub-Advisor direct and manage specific assets of the Client’s Account.

NPA Asset has contracted with Lockwood Capital Management Inc. (Sub-Advisor) to provide model portfolios they have developed, based on their market and product research and due diligence, for use with Clients. The Advisor assists Clients in choosing a Sub-Advisor model portfolio, whose investment style and philosophy is consistent with the Client’s investment objectives. This model portfolio may include mutual fund shares (including no-load mutual funds and loaded funds purchased at net asset value), and ETFs to achieve the Client investment objectives.

Periodically, the Sub-Advisor may make changes to their model portfolios to reallocate them within the stated investment objectives. Once NPA Asset has been notified of a change to a model, NPA Asset or the Sub-Advisor will effect transactions in the Client’s Account on a discretionary basis to reestablish the target percentages of the original model portfolio selected.

At any given time, the Client's Account may not reflect the exact model due to market fluctuations or specific Client circumstances. The Client will be responsible for any and all tax consequences resulting from any rebalancing or reallocation to the Account.

NPA Asset typically clears transactions, pursuant to NWD's clearing agreement with Pershing. NPA Asset reserves the right to designate alternative clearing and custody arrangements, similar to those of Pershing. Custody of funds and securities is maintained by the various clearing firms, not by NPA Asset or its affiliated broker dealer.

The LAAP Program will be offered to interested Clients by the Advisors. NPA Asset, or its Advisors, will obtain the necessary financial data from the Client, assist the Client in determining the suitability for the LAAP Program, and help the Client set the appropriate investment objectives.

The Client and the Advisor may meet periodically to review the Client's financial situation, investment objectives, and current portfolio. In addition, the Advisor and NPA Asset will be available to consult with the Client concerning the LAAP Program at the Client's reasonable request.

During any month in which there is activity in the LAAP Program, but no less frequently than quarterly, the Client will receive a monthly Account statement from Pershing or the custodian, showing Account activity, as well as positions held in the Account at month-end. In addition, the Client may receive a confirmation of each transaction that occurs within the Account. The Client may also receive a detailed quarterly performance report, describing all activity in the Account, along with the Account performance information. Lastly, the Client may receive an annual detailed tax reporting statement from the custodian.

The Client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities, vote securities, impose reasonable restrictions on the management of the account, and receive timely confirmations) to all assets held in the LAAP Program.

### **MA Direct Lockwood Investment Strategies (LIS)**

The MA Direct Lockwood Investment Strategies program offers clients an asset management account (hereinafter referred to as "LIS" or the "Account") in which NPA Asset, in its capacity as an RIA, and the Sub-Advisor direct and manage specific assets of the client's account. NPA Asset has contracted Lockwood Capital Management Inc. (Sub-Advisor) to provide model portfolios that they have developed, based on their market and product research and due diligence, for use with clients. The Advisor assists clients in choosing a Sub-Advisor model portfolio, whose investment style and philosophy is consistent with the client's investment objectives. This model portfolio may include open and closed-end mutual funds or ETF's to achieve broad market exposure for lower dollar values. A basket of individual securities may be used for allocations where the Sub-Advisor seeks active securities selection.

Periodically the Sub-Advisor may make changes to their model portfolios to reallocate them within the state investment objectives. Once NPA Asset has been notified of a change to a model, NPA Asset or the Sub-Advisor will effect transactions in the Client's Account on a discretionary basis to reestablish the target percentages of the original model portfolio selected. At any given time, the Client's Account may not reflect the exact model due to market



fluctuations or specific Client circumstances. The Client will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account.

NPA Asset typically clears transactions, pursuant to NWD's clearing agreement with Pershing. NPA Asset reserves the right to designate alternative clearing and custody arrangements, similar to those of Pershing. Custody of funds and securities is maintained by the various clearing firms, not by NPA Asset or its affiliated broker dealer.

The LIS program will be offered to interested clients by the Advisors. NPA Asset, or its advisors, will obtain the necessary financial data from the Client, assist the Client in determining the suitability for the LIS program, and help the client set the appropriate investment objectives.

The Client and the Advisor may meet periodically to review the Client's financial situation, investment objectives, and current portfolio. In addition, the Advisor and NPA Asset will be available to consult with the Client concerning the LIS Program at the Client's reasonable request.

During any month in which there is activity in the LIS Program, but no less frequently than quarterly, the Client will receive a monthly Account statement from Pershing or the custodian, showing Account activity, as well as positions held in the Account at month-end. In addition, the Client may receive a confirmation of each transaction that occurs within the Account. The Client may also receive a detailed quarterly performance report, describing all activity in the Account, along with the Account performance information. Lastly, the Client may receive an annual detailed tax reporting statement from the custodian.

The client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities, vote securities, impose reasonable restrictions on the management of the account, and receive timely confirmations) to all assets held in the LIS Program.

### **MA Direct for Separately Managed Accounts Program**

The MA Direct for Separately Managed Accounts program offers Clients an asset management account (hereinafter referred to as the "SMA Program" or the "Account") in which NPA Asset, in its capacity as an RIA, assists each Client in choosing a Sub-Advisor, whose investment style and philosophy are consistent with the Client's investment objectives.

A portfolio tailored for the SMA Program may consist of individual equity securities, individual fixed income securities, mutual funds, and ETFs, managed by the selected Sub-Advisor. NPA Asset typically clears transactions, pursuant to its clearing agreement with Pershing. NPA Asset reserves the right to designate alternative clearing and custody arrangements, similar to those of Pershing. Custody of funds and securities is maintained by the various clearing firms, not by NPA Asset or its affiliated broker dealer.

The SMA Program will be offered to interested Clients by the NPA Asset Advisors. Through consultation with the Client, the Advisor will obtain necessary financial data from the Client, assist the Client in determining the suitability of the Account, and help the Client set the appropriate investment objectives and select a Sub-Advisor. Each Client's Account will be opened through a contract in which the Client will authorize the Sub-Advisor to purchase and to sell various products on a discretionary basis, pursuant to the investment strategy chosen by the Client.

The Client will have the opportunity to meet with the Advisor periodically to review the assets in the Account. At any time, subject to the Sub-Advisor's judgment, the Sub-Advisor may reallocate individual positions within the Account to reestablish the targeted percentages of the assets within the Account. This reallocation could be based on market conditions, Client circumstances, or other factors that suggest reallocation may be appropriate. The Client will be responsible for any and all tax consequences resulting from any Account rebalancing or reallocations initiated by the Client or the Sub-Advisor.

Unless otherwise agreed to, the Client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities, and vote securities) to all assets held in the Account. SMA Program assets will at no time be pooled for investment by NPA Asset or any of the Sub-Advisors.

### **Minimum Account Size**

The LAAP Program will require a \$50,000 minimum investment. NPA Asset may, however, waive this requirement depending on the circumstances of a particular client.

The LIS Program will require a \$250,000 minimum investment. NPA Asset may, however, waive this requirement depending on the circumstances of a particular client.

The SMA Program is available for various individuals and entities, including, but not limited to, individuals, corporations, and pension accounts. The minimum asset level required to participate in the Account normally ranges from \$100,000 to \$500,000. Also, at the Sub-Advisor's discretion, and with NPA Asset approval, an Account may be established at a lower minimum.

Clients may make additions to, or withdrawals from, their Account upon notice to NPA Asset. If at any time Account assets are less than the minimum size described herein, the Client Agreement may be subject to termination. Client is advised that the MA Direct Account Program is designed as a long-term investment vehicle and that asset withdrawals may impede the achievement of the Client's investment objectives. In any case, Client is advised that there is no guarantee that Client's investment objectives will be achieved.

### **MA Direct Lockwood Asset Allocation Program Management Fees**

Maximum Annual Account Management Fee: 3% (negotiable)

The Annual Account Management Fee is payable in advance and computed as one-quarter of the total Annual Account Management Fee, based on the Account balance on the last business day of the previous calendar quarter. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee. Fees are negotiable, but may not exceed the maximum fee noted above.

In some instances, the Client may pay a Sub-Advisor Fee, which is disclosed in the Client Advisory Agreement. In these instances, the range of the Account Management Fee will include the Sub-Advisor Fee. In no instance will the total of the Account Management Fee and Sub-Advisor Fee exceed 3% maximum fee.

As described above, the Account may also be assessed any and all transactions charges (also referred to as Clearing, Custody, and Trading Fees) related to activity in the Account.

**MA Direct Lockwood Investment Strategies Program Management Fees**

Maximum Annual Account Management Fee: 3% (negotiable)

The Annual Account Management Fee includes the Sub-Advisor's Fee and NPA Asset's Advisory, Clearing, Custody, and Trading Fee.

Sub-Advisor strategies that hold numerous positions have historically experienced high portfolio turnovers or frequent rebalancing, and may carry higher custody and clearing costs.

The Annual Account Management Fee is payable in advance and computed as one-quarter of the total Annual Account Management fee, based on the Account balance on the last business day of the previous calendar quarter. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee. Fees are negotiable, but may not exceed the maximum percentage noted above. Other methods of fee calculation may be possible, depending on the Client's circumstances and the Account size.

**MA Direct for Separately Managed Accounts Program Management Fees**

Maximum Annual Account Management Fee: 3% (negotiable)

The Annual Account Management Fee includes the Sub-Advisor's Fee and NPA Asset's Advisory, Clearing, Custody, and Trading Fee.

Sub-Advisor strategies that hold numerous positions have historically experienced high portfolio turnovers or frequent rebalancing, and may carry higher custody and clearing costs.

The Annual Account Management Fee is payable in advance and computed as one-quarter of the total Annual Account Management fee, based on the Account balance on the last business day of the previous calendar quarter. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee. Fees are negotiable, but may not exceed the maximum percentage noted above. Other methods of fee calculation may be possible, depending on the Client's circumstances and the Account size.

NPA Asset through Pershing or other similar clearing and custody firms, will automatically debit the Annual Account Management Fee from the Account. The Annual Account Management Fee will be payable first from free credit balances, money market funds, or cash equivalents, if any, and second, from the liquidation of the Client's share of securities, pursuant to the discretionary authority granted herein.

Clients participating in the SMA Program may pay more or less than Clients might otherwise pay if purchasing the services separately.

There are several factors that determine whether such costs would be more or less, including, but not limited to, the size of the portfolio, the specific investments made by the Client, the amount of trading effected by the Sub-Advisor, and the actual costs of such services if purchased separately. In light of the services provided by NPA Asset, including research, supplemental advisory, and Client-related services, which may be offered through the Advisors, the advisory fees charged may exceed those of other investment advisors.

NPA Asset will receive the fees charged for participation in the SMA Program. A portion of the Advisor Account Management Fee will be shared with the appropriate Advisor. In the event that NPA Asset, or its Advisor, is to receive commission revenues from Clients in connection with

investments purchased in Accounts, such commissions shall be fully disclosed. The advisory fees for the investment services provided include the NPA Asset advisory fees and those of the Advisors, all execution and commission costs, custody, and related expenses. The fees are described in an advisory agreement with each Client.

In addition to the fees noted above, Clients may also incur certain charges imposed by third parties other than NPA Asset or the Advisor in connection with investments made through the MA Program. These may include, but are not limited to, mutual fund or money market 12b-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that may be required by law. NPA Asset and the Advisor may receive a portion of these fees. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

All fee accounts and arrangements are negotiable and NPA Asset may, in its sole discretion, waive any fee, whether on an ongoing or one-time basis. NPA Asset may also allow for the aggregation of assets from "related accounts" for the purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a Client. NPA Asset reserves the right to determine whether Client accounts are "related" for purposes of the forgoing aggregation exception.

### ***MA CUSTOM ADVISORFLEX PROGRAM***

The MA Custom AdvisorFlex Program offers clients a series of objective-based strategies, in which NPA Asset, in its capacity as an RIA, and Lockwood Advisors, Inc. (Sub-Advisor) direct and manage specific assets of the Client's Account as it relates to unique challenges presented at each phase of their life cycle - wealth accumulation, transition, and distribution phases. The MA Custom AdvisorFlex Program allows the client to choose from 16 model portfolios across three main investment strategies developed by the sub-advisor: 1) Accumulation - MA Custom AdvisorFlex Appreciation Strategy, 2) Transition - MA Custom AdvisorFlex Preservation Strategy, and 3) Distribution - MA Custom AdvisorFlex Income Strategy. Tax-sensitive versions of each model are available. The MA Custom Advisor Flex Program also gives the Advisor the ability to customize the Client's portfolio by selecting from a variety of investments, including mutual funds, exchange-traded funds (ETFs), and exchange-traded notes (ETNs), in multiple asset classes. The Advisor will obtain the necessary financial data from the Client and assist the Client in determining the proper asset allocation strategy.

The Client will have the opportunity to meet with the Advisor periodically to review the assets in the Account. At any time, subject to the Sub-Advisor's judgment, the Sub-Advisor may reallocate individual positions within the Account to reestablish the targeted percentages of the assets within the Account. This reallocation could be based on market conditions, Client circumstances, or other factors that suggest reallocation may be appropriate. The Client will be responsible for any and all tax consequences resulting from any Account rebalancing or reallocations initiated by the Client or the Sub-Advisor.

Unless otherwise agreed to, the Client shall at all times maintain full and complete ownership rights (i.e., the right to add or withdraw securities or cash, pledge securities, and vote securities) to all assets held in the Account. MA Custom AdvisorFlex assets will at no time be pooled for investment by NPA Asset or any of the Sub-Advisors.

All transactions are generally cleared through Pershing, pursuant to NPAs clearing agreement with Pershing. Custody of funds and securities is maintained by Pershing or other clearing firm as directed by NPA Asset. NPA Asset maintains the right to designate a substitute clearing firm and/or custodian. For any month that there is activity in the account, the Client will receive a monthly account statement from Pershing, showing Account activity, as well as positions held in the account at month-end. In addition, the Client will receive a confirmation of each transaction that occurs within the Account. The Client will also receive an annual tax reporting statement from the Account custodian.

### **Minimum Account Size**

The MA Custom AdvisorFlex Program will require an initial \$50,000 minimum investment. Subsequent contribution minimums are \$1,000. NPA Asset may, however, waive this requirement depending on the circumstances of a particular client.

The MA Custom AdvisorFlex Program is available for various individuals and entities, including, but not limited to, individuals, corporations, and pension accounts. The minimum asset level required to participate in the Account normally ranges from \$50,000 to \$500,000. Also, at the Sub-Advisor's discretion, and with NPA Asset approval, an Account may be established at a lower minimum.

Clients may make additions to, or withdrawals from, their Account upon notice to NPA Asset. If at any time Account assets are less than the minimum size described herein, the Client Agreement may be subject to termination. Client is advised that the MA Custom AdvisorFlex Program is designed as a long-term investment vehicle and that asset withdrawals may impede the achievement of the Client's investment objectives. In any case, Client is advised that there is no guarantee that Client's investment objectives will be achieved.

### **MA Custom AdvisorFlex Program Management Fees**

Maximum Annual Account Management Fee: 3% (negotiable)

The Annual Account Management Fee is payable in advance and computed as one-quarter of the total Annual Account Management Fee, based on the Account balance on the last business day of the previous calendar quarter. The initial quarterly fee will be prorated and the remainder of the quarters will be billed at the standard fee. Fees are negotiable, but may not exceed the maximum fee noted above.

In some instances, the Client may pay a Sub-Advisor Fee, which is disclosed on the specific Sub-Advisor's Schedule A and the Client Agreement. In these instances, the range of the Account Management Fee will include the Sub-Advisor Fee. In no instance will the total of the Account Management Fee and Sub-Advisor Fee exceed 3% maximum fee.

### **THIRD PARTY ASSET MANAGER PROGRAMS**

Third –Party Asset Manager ("TPAM") Programs reviewed and approved by NPA Asset for use by the Advisor include so-called wrap fee services, in which the Client pays a single fee for execution and portfolio management services, and a Portfolio Manager provides directions as to when to buy or sell securities, in accordance with the asset allocation services selected by the Client through which the Portfolio Manager identifies an optimal mix of investments for each Client. TPAM Programs may also include traditional research, advisory, and investment management services. TPAMs approved by NPA Asset typically are either well-established providers of commonly used services or providers of newer services that have demonstrated an

ability to add value to their Client's portfolios. NPA Asset reviews the services provided by the TPAM and related Portfolio Managers. Upon satisfactory completion of this review, the TPAM is added to an approved list for use by the Advisors. NPA Asset is not the sponsor of these TPAM programs. Rather, NPA Asset acts as a sub-advisor for the Client for purposes of providing portfolio management supervisory services to the Client with respect to such programs.

Each Client is asked to provide detailed financial and other pertinent data to the Advisor. The Advisor helps the Client determine the risk tolerance, investment goals, and other relevant guidelines. In consultation with the Advisor, the Client will choose a TPAM Program based on the Client's goals and investment objectives that appear to satisfy the Client's investment needs. Clients should be aware, however, that there can be no guarantee that Client's goals or investment objectives will actually be achieved.

Upon selection of a TPAM Program, the Client will sign the applicable advisory contract with the TPAM and will deposit funds in an appropriate account with the TPAM. Thereafter, the Client's funds will be invested as recommended by a Portfolio Manager available within the TPAM Program. Advisors will not actively participate in the execution of any securities transactions for a Client's TPAM Program account.

Where TPAM services are furnished with respect to assets located in accounts maintained by NPA Asset's affiliated broker dealer (NWD), the accounts are generally carried on a fully disclosed basis with a clearing broker/dealer, generally Pershing. Non NWD accounts are similarly maintained by recognized clearing broker/dealer. In either case, neither NPA Asset nor any Advisor has custody of any Client funds or securities.

The specific services and related fees for each TPAM Program are described in the respective TPAM's Form ADV Part II or equivalent brochure. The maximum Annual Account Management Fee for any TPAM program is 3% and is negotiable. Such fees may be negotiable as described in the TPAM's disclosure brochure or Client agreement. TPAMs generally charge fees that are debited on a periodic basis (usually quarterly) from Client accounts. The Client should carefully review the TPAM's Form ADV Part II, or equivalent brochure, to fully understand all services to be provided, as well as the fees and expenses that will be associated with those services, to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a Client may get a refund; (4) what conflicts of interest exist with respect to Client's participation in the program; and (5) how a Client may terminate an advisory contract before its expiration date.

TPAMs may impose a minimum dollar value of assets or other conditions for starting or maintaining accounts. Such minimum account sizes are determined by the Third-Party Advisor, not NPA Asset. Clients should refer to the TPAM's Form ADV Part II, or equivalent brochure, for more information.

NPA Asset will periodically review TPAMs to help monitor their consistency with fair and ethical business practices and to confirm that the TPAM and available Portfolio Managers remain within expected investment styles. The frequency of these reviews will be based in part upon the overall level of Client participation in a particular TPAM Program. Reviews will be conducted by appropriate members of the NPA Asset management team. Clients should refer to the TPAM's Form ADV Part II, or equivalent brochures, for more information about a specific program.

Generally, quarterly and year-end reports will be prepared for each Client by the sponsor for the TPAM Program. These reports will not be prepared by NPA Asset. The nature and frequency of

the reports will vary depending upon the TPAM used by the Client. Clients should refer to the TPAM's Form ADV Part 2, or equivalent brochure, for more information about a specific program.

Neither NPA Asset nor any related person shall have the authority to determine without obtaining specific Client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker/dealer to be used for the purchase or sale of securities in the Client's TPAM Program account. Instead, these decisions shall be made in accordance with the terms of the investment advisory agreement executed between the Client and the chosen TPAM sponsor. The Client's chosen TPAM or available Portfolio Manager will have discretionary authority over the Client's TPAM account. Clients should refer to the TPAM's Form ADV Plan II, or equivalent brochure, for more information.

## **TYPES OF CLIENTS**

NPA Asset generally provides advisory services to the following types of clients:

- Individuals (other than high-net-worth individuals)
- High-net-worth individuals
- Corporations or other businesses
- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations

## **TYPES OF INVESTMENTS**

While providing advisory services, NPA Asset may provide investment advice concerning various types of investments, including equity securities (exchange-listed securities, securities traded over-the-counter, and foreign issuer securities trading as American Depositary Receipts), warrants, commercial paper, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities investment company securities, college 529 savings plans, variable annuities, variable life insurance, U.S. government securities, managed futures, option contracts, fixed insurance, unit investment trusts, exchange-traded funds, interests in partnerships involving real estate, oil and gas, and other investments depending upon a Client's investment objectives and strategies.

## **DISCIPLINARY INFORMATION**

On September 8, 2022, NPA Asset entered into a settlement with the U.S. Securities and Exchange Commission resulting in the SEC entering an Order. NPA Asset consented to the entry of the order that found that the Firm violated Sections 206(2), 206(3), and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. The Order found, among other things, that (a) from April 1, 2017 through December 31, 2021, NPA Asset engaged in various trades with advisory clients in a "riskless principal" capacity by executing those client trades through the principal account of its affiliated broker-dealer, (b) from at least April 2017 through December 2019, NPA Asset maintained fee-based advisory accounts without monitoring or conducting reviews for account suitability, contrary to representations in its Form ADV Brochures and in breach of its duty of care under the Advisers Act, and (c) prior to October 2019, NPA Asset also did not adopt policies or procedures regarding the determination of advisory account suitability at the time of account opening and ongoing monitoring for account suitability, principal trading, and the accuracy of disclosures. The Order, among other things, censured NPA Asset and ordered NPA

Asset to cease-and-desist from any future violations of the above-enumerated provisions. Additionally, the Order required NPA Asset to pay \$367,874.12 and prejudgment interest of \$43,754.24 to affected investors and a civil money penalty of \$300,000.

## **EDUCATION AND BUSINESS STANDARDS**

The Advisors must satisfy, at a minimum, the experience and educational requirements set out by the individual states where they intend to offer services. In most cases, this will require the Advisor to pass the North American Securities Administrators Association Series 65 and Investment Advisers Law Exam or the Series 66 Uniform Combined State Law Exam and the Series 7 Exam, or it will require the Advisor to hold and maintain one of several professional designations, such as the CFP®, ChFC, CFA, or other comparable designations approved by a particular state.

Prior to association with NPA Asset, the Advisor will be subject to a thorough background check, including a review of any past disciplinary history, criminal history, and financial history. The Advisor's past employment experience will also be reviewed prior to approval as an Advisor with NPA Asset.

In some circumstances, NPA Asset may also require additional experience and educational requirements for individual Advisors who wish to offer some or all of NPA Asset's Advisor's Edge Services and Programs.

## **CONDITIONS FOR MANAGING ACCOUNTS**

Generally, NPA Asset provides services under its investment advisory programs only for Client accounts with an initial value of at least \$50,000. In its discretion, NPA Asset may waive this requirement. TPAM Programs, and other programs for which NPA Asset and Advisors act either as solicitors or in sub-advisory roles, may have higher or lower investment minimums. Clients should refer to the specific program descriptions for information related to investment minimums and other program restrictions or features.

## **REVIEW OF ACCOUNTS**

NPA Asset or any of its affiliated entity home office personnel, Office of Supervisory Jurisdiction ("OSJ") Branch Managers, and IARs continuously monitor client portfolios to identify situations that may warrant either a more detailed review or specific actions on behalf of a portfolio or Client. Such reviews include, but are not necessarily limited to, suitability, inactivity, and high concentrations in individual securities. In addition, NPA Asset's IARs providing continuous and regular investment advice or investment supervisory services to Clients review Client portfolios and communicate with Clients at least annually, and on a quarterly or other basis, as agreed upon by the Client, for conformity with the respective portfolios, specific investment objectives, changes in the Client's financial condition, any reasonable restrictions imposed by the Client as to specific assets or types of assets to be included or excluded from Client portfolios, and all applicable rules and regulations. NPA Asset also examines investment results on a regular basis.



## INVESTMENT OR BROKERAGE DISCRETION

NPA Asset renders investment advice to certain of its Clients on a discretionary basis, pursuant to written authorization granted by those Clients. For those Clients, NPA Asset and the Advisor have been granted authority to determine the broker/dealer to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and/or the commission rates at which the transactions will be effected. Limitations may be imposed by the Client in the form of specific constraints on any of these areas of discretion.

For many of the programs offered by NPA Asset, the executing broker/dealer is predetermined by the terms of the program, as more fully described in the respective program description, which should be carefully reviewed for additional details concerning such arrangements.

NPA Asset does not require, but encourages its MA Program Clients to establish, a securities brokerage account through NPA Asset's affiliated broker/dealer NWD, thereby allowing NPA Asset to execute the securities transactions for the Client's MA Program account. All, or substantially all, Clients establish their MA Program securities brokerage accounts with NPA Asset's affiliated broker/dealer NWD, whereby its clearing broker/dealer, Pershing, executes the securities transactions and also serve as the custodian of the Client's securities. Upon receipt of a request from a Client, however, NPA Asset may, on a case-by-case basis, permit a Client to direct securities brokerage transactions to other broker/dealer and/or utilize other custodial arrangements. If a Client should request, and NPA Asset approve, the use of a broker/dealer other than Pershing for securities transaction execution, Client should be aware that NPA Asset may be unable to negotiate commissions or other fees and charges for Client's account, and NPA Asset would not be able to combine the Client's transactions with those of other NPA Asset Clients purchasing or selling the same securities. As a result, NPA Asset will be unable to ensure that the Client receives "best execution" with respect to such trades. NPA Asset may also be unable to provide timely monitoring of transaction activity and/or quarterly performance reporting.

Where NPA Asset has discretionary authority to select broker/dealer, NPA Asset seeks to obtain, through its clearing firm, the best combination of net price and executions when effecting brokerage transactions for Client accounts. NPA Asset believes Pershing's execution quality and NPA Asset's processes to periodically and systematically monitor the same to satisfy applicable industry standards and requirements. NPA Asset does, however, currently use Pershing's reporting of its execution quality vis-à-vis other industry participants in helping to evaluate such execution services. Because this reliance upon Pershing's provision of information and documentation of execution quality may present a conflict of interest, NPA Asset seeks to monitor Pershing's execution quality independently, and will continue to seek enhancements to its processes for monitoring execution quality on a periodic and systematic basis.

A number of judgmental factors are involved in analyzing overall execution quality. Such factors include, but are not necessarily limited to:

- Awareness of commission rates currently available and other current transaction costs, versus NPA Asset executions using Pershing, where only transaction fees are charged, not commissions;
- The nature of the securities being purchased or sold and access to market participants, which may be limited due to thin trading activity for a particular security or unavailability of such securities;

- The size of the transaction;
- The desired timing of the transaction;
- The activity existing and anticipated in the market for the particular security;
- Confidentiality concerns;
- The execution, clearance, and settlement capabilities of the broker/dealer;
- The familiarity of NPA Asset with the broker/dealers' financial stability and reputation; and
- The research products and other brokerage services provided for the benefit of NPA Asset and its Clients.

### **Research and Other Soft Dollar Benefits**

**Soft-Dollars:** NPA Asset or any of its affiliated entities does not use commissions to pay for research and brokerage services ("Soft Dollar Transactions"), but reserves the right to do so in accordance with existing SEC requirements. Before effecting such Soft-Dollar Transactions, however, NPA Asset or any of its affiliated entities will determine, in good faith, that commissions are reasonable in relation to the factors set forth below, including the value of the brokerage, research, and other products and services received. Since the allocation of certain "mixed-use" products between hard and soft dollars that may be made by NPA Asset or any of its affiliated entities within will be on a good-faith basis but may not be precise, the allocation process itself poses a potential conflict of interest. Brokerage and research services, along with other products, may be available to NPA Asset or any of its affiliated entities.

The commissions paid to a broker/dealer providing research or brokerage services to NPA Asset or any of its affiliated entities may be higher than those commissions charged by a broker/dealer that does not provide such services to NPA Asset or any of its affiliated entities. Brokerage, research, and other products and services provided by broker/dealer to NPA Asset or any of its affiliated entities may include, but may not be limited to:

- Written research reports;
- Pre- and post-trade analytics and related software;
- Software that analyzes securities portfolios;
- Market data such as stock quotes, last sale prices, and trading volumes;
- Company financial and economic data;
- Effecting securities trades;
- Clearance and settlement services;
- Post-trade matching;
- Analytical tools;
- Seminars and conferences;
- Quantitative, economic, and statistical analysis; and
- Non-mass-marketed financial and market newsletters and trade journals.

### **CONFLICTS OF INTEREST**

Clients should be aware that the compensation to NPA Asset and Advisors will differ according to the specific advisory program chosen. This compensation to NPA Asset and the Advisor may be more than what NPA Asset and the Advisor would otherwise receive if the Client participated in another program or paid for investment advice, brokerage, and/or other services separately. As a result, NPA Asset and the Advisor may have a financial incentive to recommend a particular program over other programs or services.

NPA Asset's renders investment advice to a large majority of its advisory clients on a discretionary basis pursuant to written authorization granted by the client. NPA Asset's affiliated broker dealer maintains a primary clearing relationship for the execution of client transactions with Pershing as the account custodian. Substantially all of NPA Asset's advisory clients select NPA Asset's affiliated broker dealer as the broker/dealer of record and Pershing as the clearing firm for their managed accounts.

NPA Asset's clients do not generally have the option to direct securities brokerage transactions to other broker/dealers or other account custodians. If, however, a client should request, and NPA Asset's affiliated broker dealer approve, the use of a broker/dealer other than Pershing for securities transaction execution, the client should be aware that NPA Asset's affiliated broker dealer will generally be unable to negotiate commissions or other fees and charges for the client's account. Additionally, NPA Asset's affiliated broker dealer would be unable to reasonably ensure that the client receives "best execution" with respect to such directed trades. NPA Asset's affiliated broker dealer may also be unable to provide timely monitoring of transaction activity or provide the client with quarterly performance reporting and other operational or administrative services.

Not all investment advisers that are dually registered as broker/dealers or that have affiliated broker/dealers require their clients to use the adviser's related broker/dealer to execute transactions. Although NPA Asset's affiliated broker dealer is often able to obtain price improvement through its trade executions with Pershing that it believes is beneficial to its clients, NPA Asset's affiliated broker dealer's clearing relationship with Pershing provides NPA Asset's affiliated broker dealer's broker/dealer with substantial economic benefits by using itself as the broker/dealer and Pershing as the clearing firm for its managed accounts rather than an unaffiliated broker/dealer. For example, NPA Asset's affiliated broker dealer adds a markup to the transaction costs and certain other brokerage account charges and fees that are assessed to managed accounts. Additionally, NPA Asset's affiliated broker dealer receives continuous revenue-sharing payments from Pershing that are derived from certain types of transactions, positions, and assets in client accounts held at Pershing. NPA Asset's affiliated broker dealer also receives substantial monthly revenue-sharing payments from Pershing based on client assets held by NPA Asset's affiliated broker dealer with Pershing in Money Market Sweep Fund balances and NTF funds that participate in Pershing's NTF program. This additional compensation received by NPA Asset's affiliated broker dealer in its broker/dealer capacity creates a significant conflict of interest with NPA Asset's affiliated broker dealer's clients because NPA Asset's affiliated broker dealer has a substantial economic incentive to use Pershing as its clearing firm for trade execution and custody over other firms that do not or would not revenue share with NPA Asset's affiliated broker dealer. Additionally, by using itself as the broker/dealer for its managed accounts, NPA Asset's affiliated broker dealer may be unable to achieve the most favorable execution for client transactions, which may cost clients more money. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about NPA Asset's affiliated broker dealer's and the advisor's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by NPA Asset's affiliated broker dealer and their advisor.

For client assets awaiting reinvestment in money market funds, NPA Asset's affiliated broker dealer maintains a Sweep Program with Pershing. This Sweep Program pays NPA Asset's affiliated broker dealer up to 0.45% (45 basis points). Clients may instruct their advisor to manually select a different money fund rather than the default money fund at any time.

As In selecting or recommending NWD and Pershing for execution, clearance and settlement, we do not consider whether it or a related person receives client referrals from Pershing.

NPA Asset's affiliated broker dealer effects securities transactions for a client's account, NPA Asset's affiliated broker dealer passes on the securities clearance and settlement fees charged to NPA Asset's affiliated broker dealer by Pershing with a substantial markup that is retained by NPA Asset's affiliated broker dealer. NPA Asset's affiliated broker dealer adds a markup to the transaction fees paid by clients, or by the clients' advisors, to compensate NPA Asset's affiliated broker dealer for the cost of its resources utilized in processing the transactions and to generate additional profit for NPA Asset's affiliated broker dealer.

In addition to the markups on transaction charges described above, NPA Asset's affiliated broker dealer will charge a confirmation fee for all transactions except mutual fund exchanges, NTF funds, and periodic investment/systematic withdrawal transactions. NPA Asset's affiliated broker dealer adds a markup to the confirmation fees assessed to NPA Asset's affiliated broker dealer by Pershing and paid by clients to cover the costs of client mailings, electronic delivery, account verification, and other costs and to generate additional profit for NPA Asset's affiliated broker dealer.

In some cases, broker/dealers are compensated for utilizing their clearing firms' securities transaction and execution services. This industry practice is generally known as "payment for order flow." As a matter of policy, NPA Asset's affiliated broker dealer does not receive payment for order flow.

The investment advisory services provided by NPA Asset's affiliated broker dealer may cost the client more or less than purchasing similar services separately. Lower fees for comparable services may be available from other sources. Clients should consider whether the appointment of NPA Asset's affiliated broker dealer as the sole broker/dealer may result in certain costs or disadvantages to them as a result of possibly less favorable executions.

In addition, as described under the heading of "General Description of Services", NPA Asset has an affiliated insurance agency—NPA Insurance Agency. Please see the item above for a discussion about this relationship, the conflicts of interest it creates, and how we resolve them.

## **REVENUE SHARING ARRANGEMENTS**

### **Mutual Funds**

Through our national network of RRs, NPA Asset's affiliated broker/dealer NWD offer a broad selection of more than 13,000 mutual funds. Companies for some of the mutual funds we sell participate in activities that are designed to help facilitate the distribution of their products by making our Advisors, we believe, more knowledgeable about those companies' funds, such as marketing activities and educational programs (including, but not limited to, attendance by fund representatives at NPA Asset or any of its affiliated entities conferences, one-on-one marketing, and due diligence presentations to our Advisors).

In return for assistance in facilitating the activities described above, NPA Asset or any of its affiliated entities receive additional compensation, called revenue sharing, from these funds. These revenue sharing payments are in addition to commissions, annual service fees (known as 12b-1 fees), and other fees and expenses disclosed in a fund's prospectus fee table. These revenue sharing payments, however, are paid out of the investment advisor's or other fund affiliate's assets – not from the fund's assets – and therefore would not appear as an item in a fund's expense table. No portion of these revenue sharing payments to NPA Asset is made by means of brokerage commissions generated by the fund.

It is important to understand that none of the revenue sharing payments received by NPA Asset or any of its affiliated entities are paid or directed to any Advisor who sells these funds. NPA Asset Advisors do not receive a greater or lesser commission for sales of mutual funds for which NPA Asset or any of its affiliated entities receive revenue sharing payments. Because NPA Asset Advisors receive no direct increase or change in compensation from selling shares of one fund over another, we do not believe that they are subject to a conflict of interest based on the amount of compensation each Advisor receives when recommending one fund's shares over another's. The marketing and educational activities paid for with revenue sharing, however, could lead our Advisors to focus more on those funds that make revenue sharing payments to NPA Asset – as opposed to funds that do not make such payments – when recommending mutual fund investments to their clients.

NPA Asset or its affiliated broker/dealer do not maintain a "preferred" list of mutual fund families based on participation in revenue sharing that it promotes (exclusively on its website or through its Advisors), but offers a selection of many funds.

While the revenue sharing arrangements with each fund family may vary, each fund family pay either a) up to 30 basis points (0.30%) of the gross amount of each sale; or b) up to 10 basis points (0.10%) of the gross amount of each sale, plus up to 6 basis points (0.06%) annually of the assets held at the fund family. For example, on a \$10,000 transaction with a participating fund family, NPA Asset's affiliated broker/dealer NWD would receive a one-time \$30 payment, or a one-time \$10 payment, plus a \$6 annual payment for the period during which the assets remain at that fund family.

Participating fund families may also be subject to a certain minimum payments each year in conjunction with the program if minimum amounts of sales or assets are not met, and they may also make additional payments to NPA Asset's affiliated broker/dealer NWD for attendance at various educational meetings hosted by NPA Asset or any of its affiliated entities.

Some of the mutual funds we sell may also offset certain transaction costs that would otherwise be borne by an RR for those clients who choose to custody their assets with our clearing firm, Pershing – a wholly owned subsidiary of the Bank of New York. These transaction charges are usually \$15 per transaction in connection with each purchase of a mutual fund by a client, depending on the account and/or transaction type. We believe that this offset does not compromise the advice your Advisor gives you.

Additionally, we make available funds that participate in Pershing's no-transaction-fee program—through FundVest and FundVest ETF, as well as, transaction fee funds. FundVest is Pershing's no-transaction-fee (NTF) mutual fund platform consisting of no-load funds for retail investors and load-waived A-shares at net asset value (NAV) for fee based share class mutual funds, institutional and advisory shares. FundVest ETF is a Pershing no-transaction-fee ETF

platform. At times, NTF funds independently may elect to cease participation in Pershing's NTF fund program. When that occurs, a client will in most cases be charged a transaction fee by Pershing in connection with the liquidation of that particular mutual fund. A transaction fee fund will incur an additional fee for each buy and sell transaction ("ticket charge"), in addition to the underlying fund's internal expenses. NTF funds are purchased or sold within an investment advisory account with no extra ticket charge to the client. Although NTF funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds, regardless of the level of trading. NTF funds held within a portfolio with low trading frequency will cost more, or cost NPA Asset or an Advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of a client's account when compared to share classes of the same fund that assess lower internal expenses. In addition to reading this Brochure carefully, clients are urged to inquire whether lower-cost share classes are available and/or appropriate for their account in consideration of the client's expected investment holding period, amounts invested, and anticipated trading frequency. Participating fund sponsors pay a fee to Pershing to participate in the NTF program, and a portion of this fee is shared with NWD. None of these additional payments are paid to any Advisors who sell NTF funds. NWD's receipt of a portion of the fees associated with the NTF program creates a conflict of interest because NWD and NPA Asset have an incentive to make available or to recommend those products, or make investment decisions regarding investments, that provide this additional compensation to NWD over those mutual fund sponsors that do not make such payments to Pershing to share with NWD. In addition, Pershing requires mutual fund shares that participate in the FundVest program to be held in a client's account for 30 days or a \$52 short-term redemption fee will apply. FundVest mutual funds require a minimum initial investment of \$2,500 for a non-IRA account and \$500 for an IRA account; subsequent investments for either a non-IRA or IRA account are \$500.

### **Loan Programs and Margin Accounts**

You can choose to participate in Pershing's Loan Advance program. In this program, Pershing will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. NWD receives revenue for your participation in this program. Even though these payments are not shared with your Advisor, the receipt of these additional payments creates a conflict of interest because of the increased compensation to NWD. You can choose to loan securities to Pershing by participating in the Fully Paid Lending Program. You will maintain full ownership of the securities on loan and can recall the loan at any time. You will relinquish your right to exercise voting rights while securities are on loan. Loaned securities will not have SPIC coverage however, SIPC coverage applies to the cash collateral received for the loaned securities. You receive a lending fee based on the relative value of the securities loaned and are subject to change. NWC receives revenue from these fees and even though these payments are not shared with your Advisor, the receipt of these additional payments create a conflict of interest because of the increased compensation to NWD.

You have the option of utilizing margin on your advisory accounts. A margin account is an account where you borrow funds for the purpose of purchasing additional securities. You will also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, you should carefully consider that: (i) if you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account or withdraw funds; and (ii) you are using the securities that you own as collateral. Money borrowed in a margin account is charged an interest rate that is subject to change over time. This interest rate is in addition to

other fees associated with your account. NWD retains a portion of the margin interest charged, which is a source of revenue. This compensation represents a conflict of interest as NWD has a financial benefit when you maintain a margin debt balance. This compensation is retained by NWD and is not shared with your Advisor. Therefore, your Advisor does not have a financial incentive to recommend that you maintain a margin balance. Your Advisor has a conflict of interest when recommending that you purchase or sell securities using borrowed money. This conflict arises because your advisory fee is based on the total market value of the securities in your account. If you have a margin debit balance (in other words, you have borrowed and owe money to NWD), your margin debit balance does not reduce the total market value of your account. In fact, since you have borrowed money to purchase additional shares, the total market value of your account will be higher, which results in a higher advisory fee. You should also carefully review the margin disclosure document for additional risks involved in opening a margin account.

### **Variable Insurance Programs**

NPA Asset's affiliated broker/dealer NWD also offer hundreds of variable insurance options and assists insurance sponsors with conducting marketing activities and educational programs designed to increase the distribution of these products. NPA Asset's affiliated broker/dealer NWD also receive revenue sharing payments from certain insurance sponsors. None of these additional payments, however, are paid or directed to any advisor who sells these products. In addition, NPA Asset Advisor's do not receive a greater or lesser commission for sales of variable insurance products from which NPA Asset or any of its affiliated entities receive revenue sharing payments.

Because NPA Asset's Advisor's receive no direct increase or change in compensation from selling one product over another, we do not believe that they are subject to a conflict of interest based on the amount of compensation each Advisor receives when recommending one product over another. The marketing and educational activities paid for with revenue sharing, however, could lead our Advisors to focus more on those insurance products that make revenue sharing payments to NPA Asset – as opposed to insurance sponsors that do not make such payments – when recommending insurance products to their clients.

While revenue sharing arrangements with each insurance company may vary, each insurance company may pay either a) up to 30 basis points (0.30%) of the gross amount of each sale; or b) up to 10 basis points (0.10%) of the gross amount of each sale, plus up to 5 basis points (0.05%) annually of the assets held at the insurance company. For example, on a \$10,000 transaction with a participating insurance company, NPA Asset's affiliated broker/dealer NWD would receive a one-time payment of \$30, or a one-time payment of \$10, plus a \$5 annual payment for the period during which the assets remain at that insurance company.

Participating insurance companies may also be subject to certain minimum payments each year in conjunction with the program if minimum amounts of sales or assets are not met, and they may also make additional payments to NPA Asset's affiliated broker/dealer NWD for attendance at various educational meetings hosted by NPA Asset or any of its affiliated entities throughout the year.

### **529 College Savings Plans**

NPA Asset's affiliated broker/dealer NWD also offer several 529 college savings plans to our brokerage customers through their Advisors. 529 plan assets are included in the amount of total mutual fund assets upon which revenue sharing is paid, but are not separately accounted for by NPA Asset's affiliated broker/dealer NWD and the product sponsors. As with the mutual funds,

none of these additional payments, however, are paid or directed to any Advisor who sells these plans. In addition, NPA Asset's Advisors do not receive a greater or lesser commission for sales of 529 plans from which NPA Asset or any of its affiliated entities receive revenue sharing payments.

### **Variable Universal Life, Universal Life, and Long-Term Care Insurance Programs**

NPA Asset's affiliated broker/dealer NWD, as well as affiliated general insurance agency NPA Insurance Agency, Inc., also offer variable universal life ("VUL"), universal life ("UL"), and long-term care ("LTC") insurance products and assists insurance sponsors with conducting marketing activities and educational programs designed to increase the distribution of these products. NPA Asset's affiliated broker/dealer NWD, as well as affiliated general insurance agency NPA Insurance Agency, Inc., in addition to receiving commissions on the sale of these insurance products, receive payments from certain insurance sponsors for marketing, training, and distribution support. None of these additional payments, however, are paid or directed to any Advisor/insurance agent who sells these products. In addition, NPA Asset's Advisors/insurance agents do not receive a greater or lesser commission for sales of these insurance products from which NPA Asset or any of its affiliated entities receive revenue sharing payments.

Because NPA Asset's Advisors/insurance agents receive no direct increase or change in compensation from selling one product over another, we do not believe that they are subject to a conflict of interest based on the amount of compensation each Advisor/agent receives when recommending one life insurance product over another. The marketing, educational, and distribution activities paid for with revenue sharing, however, could lead our Advisors/insurance agents to focus more on those insurance products that make revenue sharing payments to NPA Asset or any of its affiliated entities – as opposed to insurance sponsors that do not make such payments – when recommending insurance products to their clients.

While the arrangements with each insurance company may vary, each VUL and UL insurance company may pay up to 6% on target premiums and each LTC carrier may pay up to 6.5% of the gross amount of each sale based on annual production.

### **Nonpublicly Traded Products**

NPA Asset's affiliated broker/dealer NWD also offer several non-publicly traded products, including non-listed real estate investment trusts ("REITs"), limited partnerships ("LPs"), and 1031 exchange programs; hedge funds and fund of funds; and tax credit programs. Consistent with prudent product approval practices, NPA Asset conducts or causes to be conducted a due diligence analysis of these products prior to making them available to the public through its advisors. In many cases, NPA Asset relies on due diligence performed by its affiliated broker/dealer NWD. In addition to receiving commissions on the sale of these products, NPA Asset's affiliated broker/dealer NWD receive due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee of either a) up to 70 basis points (0.70%) annually on assets held at the sponsor; or b) up to 200 basis points (2.00%) on the gross amount of each sale, depending on the product. None of these additional payments, however, are paid or directed to any RR who sells these products. In addition, NPA Asset Advisors do not receive a greater or lesser commission for sales of these products from which NPA Asset or any of its affiliated entities receive revenue sharing payments. Because NPA Asset's Advisors receive no direct increase or change in compensation from selling one product over another, we do not believe that they are subject to a conflict of interest based on the amount of compensation each Advisor receives when recommending one non-publicly traded product over another.



**Investment Advisor/Asset Management Programs**

NPA Asset or any of its affiliated entities and/or its Advisors may receive reimbursement, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third-party asset manager program sponsors (collectively "Program Sponsors") for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by NPA Asset or by its affiliated broker/dealer NWD and/or the Advisor relating to the promotion or sale of the Program Sponsor's products or services.

**Payment to NPA Asset Advisors**

In addition to receiving asset-based fees in their capacity as an investment advisor or solicitor, NPA Asset Advisors receive reimbursements or marketing allowances for marketing expenses and due diligence trip costs incurred by the Advisors.

**Payments to NPA Asset Only**

Consistent with prudent product approval practices, NPA Asset conducts or causes to be conducted a due diligence analysis of these Program Sponsors in making them available to the public through its Advisors. Additionally, NPA Asset receives distribution allowances, due diligence fees, and other payments from certain Program Sponsors. While the arrangements NPA Asset has with each sponsor vary, a Program Sponsor may pay NPA Asset additional compensation for marketing expenses, distribution allowances, due diligence, or other compensation. These additional payments are retained, and none of these additional payments are paid or directed to any NPA Asset Advisor. In addition, NPA Asset Advisors do not receive a greater or lesser asset-based fee for provided investment advice or referrals of these Program Sponsors' services as a result of NPA Asset's receipt of these additional payments. Because NPA Asset Advisors receive no direct or indirect differential compensation for selecting one advisory program over another, we do not believe NPA Asset Advisors are subject to a conflict of interest when selecting a particular asset management program that makes additional payments to NPA Asset over a program that does not.

In all cases, such reimbursements, marketing allowances or other compensation will be paid to NPA Asset and/or the Advisor from the Program Sponsor's own resources and not from client funds or assets. Such arrangements will have no impact on the fees being charged to clients by NPA Asset, the Advisor, or the Program Sponsor.

**NPA Asset as a Solicitor:** As noted under Item 1.D., NPA Asset and the Advisor may serve as solicitors for third-party investment advisor(s). NPA Asset and its IARs are compensated for referrals by the third-party investment advisor. This compensation generally takes the form of the third-party investment advisor sharing with NPA Asset and the Advisor a portion of the advisory fee the third-party investment advisor charges the Client. NPA Asset and the Advisor may therefore have a conflict of interest to refer Clients to those third-party asset managers paying higher referral fees. NPA Asset and the advisor will conduct all solicitation activities in compliance with the requirements of the applicable state regulations and Rule 206(4)-3 under the Advisers Act.