

# BluePath Capital, LLC d/b/a Nicholas Wealth Management Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of BluePath Capital, LLC d/b/a Nicholas Wealth Management ("Nicholas Wealth Management" or "NVM"). If you have any questions about the contents of this brochure, please contact us at (404) 890-5606 or by email at: [info@nicholaswealth.com](mailto:info@nicholaswealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Nicholas Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Nicholas Wealth Management's CRD number is: 282635.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Since the last annual filing in March 2023, the following changes have occurred at Nicholas Wealth Management (NWM):

In Item 6, NWM has removed disclosure regarding performance based fees since this is no longer applicable to our business.

In Item 10, NWM has disclose certain registered representatives and investment advisor representatives may be engaged to offer products or provide services through NWM's insurance agency, Nicholas & Company. The Firm has also included discloser regarding their relationship with Advisor Excel.

NWM has updated Item 12 and 14 to reference TD Ameritrade's merger with Charles Schwab.

Additional changes were made throughout for language consistency and clarification.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

BluePath Capital, LLC d/b/a Nicholas Wealth Management (hereinafter “NWM”) is a Limited Liability Company organized in the State of Georgia. The firm was formed in February 2016, and the principal owner is David Nicholas.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

NWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. NWM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

NWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. NWM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. The Firm then employs a risk tolerance and risk capacity-focused simulation to get a detailed cash flow analysis and proposed asset allocation.

Investment strategies, investment selection, asset allocations, portfolio monitoring, and the overall investment program will be based on the above factors. After conducting our initial review, NWM will determine an asset allocation strategy customized to your specific goals, investment objectives and risk tolerance. NWM utilizes its proprietary strategies in specific types of securities to accomplish optimal returns for its clients.

NWM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of NWM’s economic, investment or other financial interests. To meet its fiduciary obligations, NWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, NWM’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is NWM’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent,

including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

NWM may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, NWM will always ensure those other advisers are properly licensed or registered as an investment adviser. NWM conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. NWM then makes investments with a third-party investment adviser by referring the client to the third-party adviser. These investments may be allocated either through the third-party adviser's fund or through a separately managed account managed by such third-party adviser on behalf of NWM's client. NWM may also allocate among one or more private equity funds or private equity fund advisers. NWM will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

NWM acts as investment sub-adviser to Nicholas Fixed Income Alternative ETF ("FIAX"). There is a conflict of interest because NWM is a manager of the ETF recommended by NWM and will be compensated if these recommendations are agreed upon. However, as a fiduciary, NWM has an obligation to only recommend investments that are appropriate for clients and to only act in the clients' best interest.

The Sub-Advisers' selection of United States treasuries and option positions will be based on their outlook of the broader economic and market environments, the probability of success using option-based metrics, and the appropriateness of risk taken by the position within the Fund's limits. For additional information please refer to the prospectus of FIAX.

### ***Selection of Other Advisers***

NWM may direct clients to third-party investment advisers. Before selecting other advisers for clients, NWM will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where NWM is recommending the adviser to clients.

### ***Financial Planning***

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

### ***Services Limited to Specific Types of Investments***

NWM generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds

and private placements. NWM may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

NWM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent NWM from properly servicing the client account, or if the restrictions would require NWM to deviate from its standard suite of services, NWM reserves the right to end the relationship.

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

NWM participates in wrap fee programs, which are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. NWM manages the investments in the wrap fee program but does not manage those wrap fee accounts any differently than non-wrap fee accounts. Fees paid under the wrap fee program will be given to NWM as a management fee. However, this brochure describes NWM's non-wrap fee advisory services; clients utilizing NWM's wrap fee portfolio management should see the separate Wrap Fee Program Brochure.

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

As of December 31, 2023, we had USD \$147,886,567 in assets under management.

To avoid the appearance of double counting assets under management, this figure does not include assets under management for Nicholas Fixed Income Alternative ETF, although these assets are included as regulatory assets under management in Item 5(D)(3) of our Form ADV, Part 1A.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Non-Wrap Fee Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$1,000,000	1.50%
\$1,000,000 - \$3,000,000	1.25%
\$3,000,000 - And Up	1.00%

#### *Selection of Nicholas Wealth Management Strategies*

The strategy fee charged for NWM strategies is 0.30%. This fee is in addition to NWM's standard annual fees.

Nicholas Wealth Large Cap  
Nicholas Wealth Dividend Growth  
BluePath 8 Moderate Growth.

Total Assets Under Management	Annual Fee	Strategy Fee	Total Fee
\$0 - \$1,000,000	1.5%	0.3%	1.80%
\$1,000,000 - \$3,000,000	1.25%	0.3%	1.55%
\$3,000,000 - And Up	1.00%	0.3%	1.30%

NWM uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable, and the final fee schedule is attached as Exhibit I of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of NWM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

NWM does not earn fees based on a share of the capital gains or capital appreciation of managed securities. NWM does not receive any performance-based fee structure compensation.

### ***Selection of Other Advisers Fees***

NWM may direct clients to third-party investment advisers. NWM will receive its standard fee on top of the fee paid to the third-party adviser. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

NWM may specifically direct clients to AE Wealth Management, Alpha DNA Investment Management, LLC, Stewardship Partners, LLC, and Zega Financial, LLC. The fees charged by each adviser are as follows, as well as NWM's standard annual fees.

AE Wealth Management: 0.10% – 0.65%

Alpha DNA: 0.60%

Stewardship Partners: 0.60%

Zega Financial: 0.40% – 0.50%

Fees for selection of Stewardship Partners, LLC as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance.

<b>Total Assets Under Management</b>	<b>NWM's Annual Fees</b>
\$0 - \$1,000,000	1.50%
\$1,000,001 - \$3,000,000	1.25%
\$3,000,001 and Up	1.00%

### ***Financial Planning Fees***

#### ***Hourly Fees***

The negotiated hourly fee for these services is between \$250 and \$1,000.

### ***Educational Seminars/Workshops***

NWM provides periodic educational seminars and workshops to clients and the general public.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***



Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears.

Fees for selection of Stewardship Partners, LLC as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party adviser.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check and wire.

Fixed financial planning fees are paid quarterly, in advance.

Hourly financial planning fees are paid in arrears upon completion.

### ***Payment of Educational Seminar/Workshop Fees***

Educational seminars and workshops are offered either free of charge or for a fee of \$75 per session, payable in advance and non-refundable, depending on the workshop offered.

## **C. Client Responsibility For Third Party Fees**

This brochure describes NWM's non-wrap fee advisory services; clients utilizing NWM's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. Client accounts not participating in the wrap fee program are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by NWM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

Stewardship Partners, LLC collects its fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

David Alexis Nicholas and Aaron William Gaines are registered representatives of a broker-dealer and David Alexis Nicholas and Aaron William Gaines are insurance agents and, in these roles, they accept compensation for the sale of securities and other products to NWM clients.

### ***1. This is a Conflict of Interest***

Representative may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to NWM's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the representative receives compensation, NWM will document the conflict of interest in the client file and inform the client of the conflict of interest.

### ***2. Clients Have the Option to Purchase Recommended Products From Other Brokers***

Clients always have the option to purchase NWM recommended products through other brokers or agents that are not affiliated with NWM.

### ***3. Commissions are not NWM's primary source of compensation for advisory services***

Commissions are not NWM's primary source of compensation for advisory services.

### ***4. Advisory Fees in Addition to Commissions or Markups***

Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

NWM does not earn fees based on a share of the capital gains or capital appreciation of managed securities. NWM does not receive any performance-based fee structure compensation.

## Item 7: Types of Clients

NWM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Charitable Organizations

The account minimum is \$250,000 for NWM's services. This account minimum can be waived at NWM's discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

NWM's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Charting analysis** involves the use of patterns in performance charts. NWM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

NWM uses long term trading, short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not

always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### ***Investment Strategies***

NWM's use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Selection of Other Advisers:** Although NWM will seek to select only money managers who will invest clients' assets with the highest level of integrity, NWM's selection process cannot ensure that money managers will perform as desired and NWM will have no control over the day-to-day operations of any of its selected money managers. NWM would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

**Short sales** entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

NWM's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt

and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Private placements** carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Non-U.S. securities-** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

As registered representatives of World Equity Group, Inc., David Alexis Nicholas and Aaron William Gaines accept compensation for the sale of securities.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither NWM nor its representative are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

David Alexis Nicholas and Aaron William Gaines are registered representatives of World Equity Group, Inc. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. NWM always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of NWM in such individual's capacity as a registered representative.



NWM investment adviser representatives may also act as independent licensed insurance agents, and from time to time, our financial professionals may recommend that clients utilize insurance products (for example, a fixed index annuity ("FIA") as part of the client's overall financial plan in lieu of separately managed accounts (specifically, in lieu of cash and fixed income asset classes). Clients should be aware that there are a number of conflicts of interests that are present due to our planning philosophy and recommendations to utilize insurance products in this nature. You may therefore work with your NWM financial professional in both their capacity as an investment adviser representative of NWM, as well as in their capacity as an insurance agent through our affiliated company Nicholas & Company Inc. As such, NWM financial professionals, in their dual capacity as an IAR and insurance agent, may advise clients to purchase insurance products and then assist in implementing the recommendations by selling those same products.

In exchange for selling those products, the financial professional will typically be paid a commission. This recommendation that a client purchase an insurance product through them as an insurance agent presents a conflict of interest, as the receipt of commissions is an incentive to recommend products that could potentially be based on commissions rather than your personal needs and objectives.

Furthermore, commissions may vary by product, and each individual product may have different commission rates, encouraging the financial professional to recommend products that may pay higher commissions over the products that make the most sense for you.

In addition, insurance products may also have different payment schedules depending on the nature of the product, and the timing of the payments likely differ from that of the advisory options offered by NWM. This timing difference has the potential to create a conflict of interest since some financial professionals may have the incentive to recommend a product that pays commissions now, over an advisory product that pays commissions over a relatively longer period. As an example, all other variables held equal, a 5% commission paid by an insurance company upon sale of a \$100,000 annuity product, may be more attractive to a financial professional than a one percent (1%) advisory fee charged on a \$100,000 account paid over a period of five (5) years, despite the overall pre-tax compensation paid to the financial professional being equal.

There are other conflicts present as well. Our affiliate company, Nicholas & Company, utilizes the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. The purpose of the IMO is to assist us in finding the insurance company product that best fits the client's situation, although the IMO also offers special incentive compensation to our investment adviser representatives when they act in their separate capacities as insurance agents if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. These awards are typically awarded to the Firm based upon the aggregate sales of insurance products. This creates a conflict of interest for NWM financial professional to utilize the products recommended by the IMO.

Advisors Excel is a related company of AE Wealth Management. Advisors Excel provides affiliate members such as our insurance firm, Nicholas & Company, with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) and investment advisory services (through AE Wealth Management) for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client. There is a conflict of interest when NWM use the sub-adviser and financial planning services of AE Wealth Management because we are influenced to use AE Wealth Management based upon our relationship and services provided and support of Advisors Excel.

NWM has taken a number of steps to manage this conflict of interest. As a fiduciary, we expect and require that each investment adviser representative only recommend insurance and annuities when in the best interest of the client. The sale of commission-based products is supervised by the firm's Managing Members, and the firm makes periodic reviews of its insurance recommendations to ensure that our financial professionals act in accordance with our fiduciary duty. If you have any questions or concerns about annuity recommendations made during the financial planning process, we encourage you to immediately bring it to the attention of your investment professional or the CCO.

Finally, you should be aware that there are other insurance products that are offered by other insurance agents other than those recommended by our financial professionals. You are under no obligation to implement any insurance or annuity transaction through NWM.

David Alexis Nicholas is the owner of Nicholas Holdings, LLC, a real estate holding company.

Cynthia Joy Panian is an executor of Steven Javery estate. This is the result of a personal relationship and does not obligate NWM to a surprise custody exam.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

NWM may direct clients to third-party investment advisers. Clients will pay NWM its standard fee in addition to the standard fee for the advisers to which it directs those clients. The fees will not exceed any limit imposed by any regulatory agency. NWM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. NWM will ensure that all recommended advisers are exempt, licensed or notice filed in the states in which NWM is recommending them to clients.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. NWM created and maintains their own proprietary ETF.

This presents a conflict of interest because NWM will collect higher fees by recommending this ETF inside of a client account under the firm's management. Additionally, the client will incur the advisory fees indicated on the Client Agreement. However, NWM is a fiduciary and will only recommend this proprietary ETF when appropriate. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. Alternatively, clients may choose to purchase the firm's proprietary ETF directly through an outside brokerage firm, thereby avoiding advisory fees. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

Because clients come to NWM seeking our investment advice on fixed income, cash management and liquidity, we believe our ETF present the best alternative to other funds available to our clients. Nevertheless, client assets that are allocated to the ETF will be included in the total of the Client's assets under management in accordance with the fee schedule listed. To be clear, clients of the firm who are invested in proprietary ETFs within their investment account will pay the management fee associated with the ETF (expense ratio) and will also pay the advisory fee indicated on their client agreement with the firm for the investment advisory services provided under that agreement. This presents a conflict of interest since NWM has a financial incentive to recommend the ETF to its clients based on such compensation rather than the client's best interests. However, as a fiduciary, NWM has an obligation to only recommend investments that are appropriate for clients and to only act in the clients' best interest.

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

### **A. Code of Ethics**

NWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and

Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. NWM's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

NWM does not recommend that clients buy or sell any security in which a related person to NWM or NWM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representative of NWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representative of NWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representative profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. NWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representative of NWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representative of NWM to buy or sell securities before or after recommending securities to clients resulting in representative profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, NWM will never engage in trading that operates to the client's disadvantage if representative of NWM buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on NWM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and NWM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in NWM's research efforts. NWM will never charge

a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

NWM will require clients to use Charles Schwab, member FINRA/SIPC

### ***1. Research and Other Soft-Dollar Benefits***

While NWM has no formal soft dollars program in which soft dollars are used to pay for third party services, NWM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). NWM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and NWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. NWM benefits by not having to produce or pay for the research, products or services, and NWM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that NWM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

NWM participates in the institutional advisor program (the "Program") offered by Charles Schwab ("Schwab"). Schwab offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. NWM receives some benefits from Schwab through its participation in the Program.

As disclosed above, NWM participates in Schwab's institutional advisor program and NWM may recommend Schwab to clients for custody and brokerage services. There is no direct link between NWM's participation in the Program and the investment advice it gives to its clients, although NWM receives economic benefits through its participation in the Program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving NWM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have NWM's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NWM by third party vendors. Schwab may also pay for business consulting and professional services received by NWM's related persons. Some of the products and services made available by Schwab through the Program may benefit NWM but may not benefit its client accounts. These products or services may assist NWM in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by

Schwab are intended to help NWM manage and further develop its business enterprise. The benefits received by NWM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, NWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by NWM or its related persons in and of itself creates a conflict of interest and may indirectly influence the NWM's choice of Schwab for custody and brokerage services.

## ***2. Brokerage for Client Referrals***

NWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

NWM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If NWM buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, NWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. NWM would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

NWM monitors client accounts on an ongoing basis using portfolio accounting software to review account allocations. Periodically, but no less than annually, client accounts are reviewed by the financial professional responsible for managing your account with regards to your investment policies, objectives, and risk tolerance levels. More frequent review reviews may be triggered by material changes in such factors as the client's individual circumstances (marriage/divorce, job change, children, etc.) or perceived increased or decreased risk due to external factors, such as market volatility resulting in asset allocations deviating significantly from target.

Financial planning services are concluded upon financial plan creation and plan delivery and there are no ongoing reviews contemplated under our financial planning agreement. Additional reviews may be recommended as appropriate, based upon the clients' financial situation.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, NWM's services will generally conclude upon delivery of the financial plan.

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of NWM's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

NWM will also receive soft dollar benefits discussed in Item 12 above, though there is no direct link between NWM's participation in the Schwab Program and the investment advice it gives to its clients.

NWM participates in the institutional advisor program (the "Program") offered by Schwab. Schwab offers independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. NWM receives some benefits from Schwab through its participation in the Program.

As part of the Program, NWM may recommend Schwab to clients for custody and brokerage services. There is no direct link between NWM's participation in the Program and the investment advice it gives to its clients, although NWM receives economic benefits through its participation in the Program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving NWM participants; access to block trading (which provides the ability to aggregate



securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have NWM's fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to NWM by third party vendors. Schwab may also pay for business consulting and professional services received by NWM's related persons. Some of the products and services made available by Schwab through the Program may benefit NWM but may not benefit its client accounts. These products or services may assist NWM in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help NWM manage and further develop its business enterprise. The benefits received by NWM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, NWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by NWM or its related persons in and of itself creates a conflict of interest and may indirectly influence the NWM's choice of Schwab for custody and brokerage services.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

NWM may enter written arrangements with third parties to act as solicitors for NWM's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. NWM will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, NWM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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

NWM provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, NWM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.



## **Item 17: Voting Client Securities (Proxy Voting)**

NWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

NWM neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither NWM nor its management has any financial condition that is likely to reasonably impair NWM's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

NWM has not been the subject of a bankruptcy petition in the last ten years.