

NFC Investments, LLC

Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of NFC Investments. If you have any questions about the contents of this Brochure, please contact us at (901) 767-5576. 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.

NFC Investments is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about NFC Investments is also available on the SEC's website at www.adviserinfo.sec.gov.

Date of Brochure: March 5, 2019

Item 2 – Material Changes

Item 4—Emmel B Golden III was added as a principal owner of NFC Investments, LLC

Item 5—NFC Green Ventures, LLC was closed in 2018

Item 10—NFC Green Ventures, LLC was closed in 2018

Item 15—NFC Green Ventures, LLC was closed in 2018

Additional information about NFC is also available via the SEC's web site

www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with NFC who are registered, or are required to be registered, as investment adviser representatives of NFC.

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Item 4 – Advisory Business

NFC Investments, LLC was founded in June of 2004 and is principally owned by Charles K Slatery, William V Thompson III, and Emmel B Golden III. NFC Investments provides discretionary investment advisory services to a variety of individual and institutional clients. NFC Investments manages client accounts in accordance with investment objectives, guidelines, and restrictions that are agreed upon between NFC Investments and its clients. In advising the client as to a proposed investment objective and any proposed investment guidelines, NFC Investments will rely upon the information provided by the client regarding the client's financial circumstances, investment goals, expected investment time horizon, and risk tolerance. NFC Investments maintains full investment discretion as to which securities to purchase or sell in a client's account in a manner consistent with the client's investment objective, guidelines, and restrictions. Purchases and sales of securities for clients' accounts are executed either by broker-dealers or other firms selected by NFC Investments or through firms which clients may direct NFC Investments to use.

NFC Investments manages clients' accounts on an individualized basis. Therefore, accounts within the same investment objective may, at any given time, differ as to securities, industries and cash levels. In addition, restrictions and guidelines established by clients affect the composition and performance of accounts. For these reasons, performance of accounts within the same investment objective may differ.

For a new account, NFC Investments will evaluate any securities initially contributed by the client to the account. NFC Investments may sell all or a portion of such securities if it believes such securities are not consistent with the client's investment objectives and guidelines or if NFC Investments would not ordinarily hold such securities for the client's account. The client will be responsible for any tax liabilities that result from any sale transactions initially and during management of the account.

NFC Investments' services may be terminated by either party upon written notification in accordance with the agreement with the client. There is no penalty for terminating the client's account, and NFC Investments' fee will be pro-rated as of the date of termination. Upon termination, the client must instruct NFC Investments in writing as to the disposition of the client's assets. Although NFC Investments will cease its advisory services with respect to the client's account as of the date of termination, NFC Investments will use commercially reasonable efforts to assist the client, pursuant to the client's written instructions, in the transfer of the assets in the account in-kind to an investment adviser, portfolio manager or other financial professional designated in writing by the client or to a

brokerage account designated in writing by the client. Alternatively, upon the client's written instruction, NFC Investments will liquidate the client's account and forward the proceeds to the client.

As of December 31, 2018, NFC Investments had approximately \$1,350,000,000 in client assets under management.

Item 5 – Fees and Compensation

As a general rule, NFC Investments' advisory fee is based on a percentage of assets under management. NFC Investments' standard annual advisory fee is 1.0% of the client's assets under management. However, that fee is subject to negotiation based on the particular circumstances of the client and other factors, including, but not necessarily limited to, the type and size of the account, pre-existing relationship and account complexity.

NFC Investments' fees with respect to the private investment funds that are advised by NFC Investments, including WBL Partners, LLC, NFC Partners, LLC, and NFC Insurance Partners, LLC are disclosed in the applicable offering documents for those funds.

Certain accounts of NFC Investments may be managed by NFC Investments without an advisory fee.

NFC Investments' fee is generally paid monthly or quarterly, in arrears, as provided in the agreement with the client, based on the market value of the account as of the close of the last trading day of the applicable billing period. NFC Investments' fee does not include any fees or commissions payable by the client to any broker-dealer or the account custodian for their respective services. Clients generally authorize direct deduction of NFC Investments' fee from their accounts custodied with the account custodians.

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

In certain situations, NFC Investments may consider receiving fees based on criteria other than a percentage of assets under management, such as a fee based on the performance of the account. Performance-based fees may create an incentive for NFC Investments to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee and NFC Investments' compensation may be larger than it would otherwise have been because the fee will be based on account performance instead of a percentage of assets under management. Performance-based fee arrangements will comply with the requirements of Rule 205-3 under the Investment Advisers Act of 1940.

Item 7 – Types of Clients

NFC Investments provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, private investment funds, trust programs, and corporations.

NFC Investments has a stated \$1,000,000 minimum value of assets to start/open an account, but that minimum can be waived at NFC's discretion for different reasons and circumstances.

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

NFC Investments relies primarily on fundamental analysis of its investments. Fundamental analysis involves the analysis of financial statements, the general financial health of companies and/or industries, management, and competitive advantages. NFC Investments primarily invests in public equities and fixed income, but will occasionally invest in other areas including private investments, derivatives, and commodities. A large portion of NFC Investments' assets under management are those of insurance companies. Often insurance company portfolios are required by regulatory authorities to invest in certain asset classes to satisfy compliance with specific insurance regulations.

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

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NFC Investments or the integrity of NFC Investments' management. NFC Investments has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

NFC Investments is the managing member of NFC Partners, LLC and NFC Insurance Partners, LLC, each Tennessee limited liability companies. Charles Slatery, an officer and member of NFC Investments, is President of WBL Partners, LLC, a Tennessee limited

liability company. WBL Partners, NFC Partners, and NFC Insurance Partners are private investment funds in which clients of NFC Investments may be solicited to invest. WBL Partners primarily makes venture capital and other private equity investments. NFC Partners and NFC Insurance Partners invest primarily in publicly-traded securities, although both can make some private equity investments if such investments fit the investment risk profile.

Subject to applicable client investment guidelines and suitability determinations made by NFC Investments, NFC Investments may provide advice regarding an illiquid investment in a privately-held company that is made indirectly through a partnership, Limited Liability Company or other pooled investment vehicle formed for the single purpose of making the investment. In that situation, NFC Investments or one or more of its related persons also may be a partner, member, stockholder, director or officer of the entity through which the investment is made.

Charles Slatery and William Thompson, officers and members of NFC Investments, are both Managers and Directors of Deleo Holdings, LLC. Deleo Holdings, LLC is a private single company technology investment made by advisory clients of NFC Investments. Deleo Holdings, LLC is not billed directly by NFC Investments, LLC.

Item 11 – Code of Ethics

NFC Investments has adopted a Code of Ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics sets forth NFC Investments' standard of business conduct as a fiduciary and requires employees to comply with the federal securities laws. Among other things, NFC Investments' Code of Ethics also requires advisory personnel to report to NFC Investments all personal securities transactions on a quarterly basis, subject to some exceptions such as transactions in U.S. government securities and transactions involving mutual fund shares. Advisory personnel must also have duplicate copies of confirmations and brokerage account statements sent to NFC Investments so that it can monitor compliance with its personal trading policies and restrictions. Under the Code of Ethics, NFC Investments restricts the ability of its personnel to acquire securities in an initial public offering or private placement without the consent of NFC Investment's Chief Compliance Officer. Employees are required to report violations of the Code of Ethics to NFC Investments' Chief Compliance Officer. NFC Investments will provide a copy of its Code of Ethics to any client or prospective client upon request.

NFC Investments may recommend that clients invest in shares or other interests in certain private investment funds, such WBL Partners, NFC Partners, or NFC Insurance Partners to

which NFC Investments or its related persons provide advisory or other services and from which NFC Investments or its related persons receive advisory or other fees. NFC Investments' fees with respect to those private investment funds are disclosed in the applicable offering documents for the funds. To the extent a client invests assets in such a private investment fund through the client's advisory account with NFC Investments, NFC Investments may, depending on the arrangement with the client, waive its investment advisory fee (i.e., the advisory account level fee) on the assets invested in such fund, credit the account for the fees paid by the fund to NFC Investments or its related persons, avoid or limit the payment of duplicative fees to NFC Investments and its related persons through other means, or charge fees both at the fund level and account level to the extent permitted by applicable law.

Subject to applicable client investment guidelines and suitability determinations made by NFC Investments, NFC Investments may provide advice regarding an illiquid investment in a privately-held company that is made indirectly through a partnership, Limited Liability Company or other pooled investment vehicle formed for the single purpose of making the investment. In that situation, NFC Investments or one or more of its related persons also may invest through the partnership, Limited Liability Company or other entity as a partner, member, stockholder or other equity owner, as applicable. Likewise, one or more of NFC Investments' related persons may serve as directors (or the equivalent thereof) and/or officers of the entity through which the investment is made. Under certain circumstances, to the extent the investment generates returns above certain pre-established targets, NFC Investments or its related persons may receive priority distributions of the pooled investment vehicle's profits. The specific economic arrangement for each partnership, Limited Liability Company or other pooled investment vehicle will be described in the applicable offering materials, which may include a partnership agreement, operating agreement or stockholder agreement, as applicable.

NFC Investments does not buy securities from, or sell securities to, any investment advisory client. However, NFC Investments' employees from time to time may, directly or indirectly, purchase or sell, or hold positions in, securities recommended to clients, including purchasing securities that are being sold for clients and vice versa. NFC Investments seeks to ensure that neither it, nor its employees, personally benefit from the short term market effects of their recommendations to clients. Generally, NFC Investments personnel may not effect transactions in securities for their own account, or for accounts in which they have an interest or control, where such securities are simultaneously contemplated for purchase or sale for a client account or are the subject of an unexecuted order for a client account. NFC Investments also restricts the ability of its personnel to

acquire securities in an initial public offering or private placement without the consent of NFC Investments' Chief Compliance Officer.

On occasion, NFC Investments may order brokers to effect "cross" transactions between client accounts in which one client will purchase securities held by another client. Such transactions are only entered into when NFC Investments deems the transaction to be in the best interests of both clients and at a price NFC Investments has determined to be fair to both clients by reference to independent market indicators (or as otherwise prescribed by law) and which NFC Investments believes to constitute "best execution." Client consent is required for "cross" transactions.

Neither NFC Investments nor any of its related persons receives any compensation in connection with such "cross" transactions. Brokers executing transactions for or on behalf of clients in connection with "cross" transactions may charge the client a commission for such transaction unless otherwise prohibited by law. Total brokerage compensation to any particular broker in connection with such "cross" transactions may be determined by the commission rate negotiated by NFC Investments on the transaction (if any), the terms of the client's brokerage agreement with the participating broker and/or any other local market regulations and/or practices. The Investment Advisers Act of 1940 imposes constraints on "cross" transactions.

NFC Investments and its employees may give advice and take action in the performance of their duties that may differ from advice given, or the timing or nature of actions taken, for other client accounts or for their proprietary or personal accounts. NFC Investments has no obligation to acquire for a client account a position in any investment which it or any of its employees may acquire, and the client accounts will not have first refusal, co-investment or other similar rights in respect of any such investment.

Item 12 – Brokerage Practices

Client-Directed Brokerage Arrangements

Some of the firm's clients utilize a broker-dealer as custodian for their securities. Clients who establish custodial accounts with a broker-dealer typically direct NFC Investments to effect all portfolio transactions through that broker-dealer at a rate agreed upon between the client and the broker.

If a client is referred to the firm by a broker-dealer, or if the client has opened a custodial account with a broker-dealer, it is NFC Investments' practice not to negotiate commission rates with such broker-dealer unless expressly requested to do so by the client. Clients are free to choose or change broker-dealers at their discretion unless there is reason to believe the chosen brokerage firm cannot offer adequate service. In such an event, NFC Investments might be unable to accept management of the account.

Some clients may come as a result of referrals from various brokerage firms. When an account is referred by a particular registered representative and NFC Investments is directed to effect brokerage transactions through that representative, NFC Investments may have a conflict of interest between its duty to the client to obtain the most favorable brokerage commission rates available under the circumstances and its desire to obtain future referrals from that registered representative or brokerage firm.

A client who directs NFC Investments to use a particular broker-dealer, including a client who directs use of a broker-dealer as custodian of the client's assets, should consider whether such a designation may result in certain costs or disadvantages to the client. Costs and disadvantages may include higher commissions and/or less favorable executions. Accordingly, the client should satisfy itself that the broker-dealer can provide adequate price and execution of transactions.

A client who directs the use of a broker-dealer may also be subject to certain disadvantages regarding allocation of new issues and aggregation of orders, as discussed below. NFC Investments may place orders for transactions in certain securities initially only for those accounts which are custodied at banks or brokerage firms that permit NFC Investments to place trades with other brokerage firms. Accounts custodied at brokerage firms which do not permit NFC Investments to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other clients whose accounts are not so restricted. In determining whether to establish an account with a broker-dealer or to direct NFC Investments to use a particular broker-dealer, the client should consider possible costs and disadvantages of such an arrangement.

If a client decides to direct where its brokerage is placed by NFC Investments, the client should consider: (1) NFC Investments' brokerage placement practices; (2) that the client may pay higher commissions on some transactions than might be attainable by NFC Investments, or may receive less favorable execution of some transactions, or both; (3) that the client may forego any benefit from savings on execution costs that NFC Investments could obtain for its clients through negotiating volume discounts on batched transactions;

(4) that the client may not be able to participate in an allocation of a new issue if that new issue is provided by another broker; and (5) that the client may not generate returns equal to clients which do not direct commissions.

Brokerage Discretion

Since NFC Investments does not act as a custodian, clients must establish a custodial relationship with another institution, such as a brokerage firm, bank or trust company, in order to use NFC Investments' services. Clients who do not have an existing custodial arrangement sometimes ask NFC Investments to suggest an appropriate broker-dealer to them. Factors considered by NFC Investments in suggesting broker-dealers may include the execution, clearance, settlement and custodial capabilities of the broker-dealer and its willingness to negotiate commission rates with clients. Broker-dealers who have referred new clients to the firm may be suggested. There may be conflict of interest between the firm's desire to receive future referrals from the broker-dealer and the suggestion of a broker-dealer to the client.

In some instances the client may grant brokerage discretion to NFC Investments. In such an event, NFC Investments considers a number of factors when selecting a brokerage firm for execution of individual transactions. These factors include, but are not limited to, the nature of the security being traded, the size and type of transaction, the nature and character of the market for the security to be purchased or sold, the execution, clearance and settlement capabilities of the broker, the broker's financial condition and business reputation, the research (if any) provided by the broker, brokerage commissions, transaction costs (if any), and the broker's execution services rendered on a continuing basis and in other transactions. Based on these and other factors, NFC Investments may elect to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction.

When clients have given NFC Investments brokerage discretion, if more than one broker is believed to be capable of providing best price and execution, the firm, with client's specific authorization, may select a broker in recognition of its referral of clients to the firm. In this case, the client does not pay brokerage commissions higher than those it pays brokers that do not make such referrals.

NFC Investments' objective in selecting brokers and dealers and in effecting securities transactions is to seek to obtain the best combination of price and execution with respect to its accounts' transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of

other judgmental factors are considered as they are deemed relevant. These factors include, but are not necessarily limited to: NFC Investments' knowledge of negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of transaction; the nature and character of the markets for the security being traded; the size and type of transaction; the nature and character of the markets for the security to be purchased or sold; desired timing of the trade; activity existing and expected in the market for the particular security; confidentiality; execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer; NFC Investments' knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions. NFC Investments may also consider the quality of research provided by executing brokers or dealers and its usefulness in the management of client accounts.

On occasion, NFC Investments may enter into a “step-out” arrangement. In some cases, NFC Investments may direct the broker executing a client's trade to allocate all or part of the trade to another broker for clearance and settlement. For example, client accounts may be maintained with one broker, while client trades are executed with a different broker. In that arrangement, it may be beneficial for the client if NFC Investments requests the executing broker to execute the trade, but then “step-out” of the clearance and settlement, so that those functions can be performed by the broker that maintains the client's account. In other cases, NFC Investments may desire that the executing broker step out a portion of a trade to another broker that provides research to NFC Investments.

Trade Aggregation and Allocation

Although each client account is individually managed, NFC Investments often will, at any given time, purchase and/or sell the same securities for many accounts. It is the firm's practice, where feasible, to aggregate for execution as a single transaction (“batch”) orders for the purchase or sale of a particular security for the accounts of several clients. Batching may enable NFC Investments to obtain somewhat lower commissions based on the volume of the clients in the particular order. Clients in an aggregated transaction will each receive the same price per share or unit (i.e., the average price for all transactions of the clients in that security on that given day), and all transaction costs will be shared among those clients on a pro rata basis.

Trading restrictions placed by a client on his account may preclude NFC Investments from batching that client's transactions with others. In such a case the client may pay a higher commission than those in an aggregated order. Likewise, in those cases where a client and

broker-dealer have previously negotiated a commission rate, NFC Investments is unable to negotiate further volume discounts, thus precluding the client from receiving the benefit of any lower commission that might otherwise be available from the aggregation.

The following general guidelines will apply with respect to the allocation of aggregated orders: (1) If the entire aggregated order cannot be filled, securities purchased or sold will generally be allocated on a pro rata basis based on order size. (2) If several clients seek to buy as many of the same securities as they can, purchased securities will be allocated based on the size of such clients' accounts. (3) If several clients seek to sell as many of the same securities as they can, the securities sold will be allocated based on the total size of each such client's position in that security.

Securities acquired in initial public offerings will be allocated fairly and equitably to clients for whose accounts NFC Investments considers such securities to be suitable, and such securities will be allocated among those clients based on the size of the clients' accounts.

Each advisory client of NFC Investments is offered the opportunity to participate in any private investment made on behalf of NFC clients. For various reasons, clients often opt out of participating in private investments. Due to the nature of private investments, some clients do not qualify for specific private investments due to accredited/qualified investor status, inability to meet investment minimum, or suitability limitations. Once an advisory meets investment requirements and indicates intent to participate in private investment opportunities, allocations are made on a pro rata basis based primarily on the size of client accounts and each client's indication of interest in the specific investment.

"Soft Dollar" Policy

When appropriate under its discretionary authority and consistent with its duty to seek best execution, NFC Investments may direct brokerage transactions for client accounts to broker-dealers who provide NFC Investments with research and brokerage products and services. The brokerage commissions used to acquire research are known as "soft dollars." The federal securities laws provide a "safe harbor" which allows an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and

traders) or third-party (created by a third party, but provided by a broker-dealer). NFC Investments may use soft dollars to acquire either type of research. NFC Investments may use soft dollars to obtain a service or product only if it qualifies as research or brokerage and NFC Investments determines that the service or product provides lawful and appropriate assistance to NFC Investments in carrying out its investment decision-making responsibilities.

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. NFC Investments does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists NFC Investments in fulfilling its overall duty to its clients.

The receipt of research in exchange for soft dollars benefits NFC Investments by allowing the firm, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to persons having special expertise on certain companies, industries, aspects of the economy and market factors. Research and brokerage products and services acquired with soft dollars may include, without limitation, traditional research reports analyzing the performance of a particular company or stock, financial newsletters, trade journals and other financial and economic publications, market data, company financial data, economic data, quantitative analytical software, post-trade matching of trade information, electronic communication of trade allocation instructions, routing of settlement instructions, connectivity services between NFC Investments and the broker, and trading software.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with account transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. NFC Investments may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services NFC Investments receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by NFC Investments may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for

effecting similar transactions if NFC Investments determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by whose broker-dealers, viewed either in terms of a particular transaction or NFC Investments' overall duty to its client accounts.

NFC Investments will not enter into any agreement or understanding with any broker-dealer which would obligate NFC Investments to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

In some cases, a product or service acquired in a soft dollar arrangement may have both eligible and non-eligible uses. If the product or service obtained by NFC Investments is a "mixed use" item, NFC Investments may pay for the research/brokerage component of the product or service with soft dollars and the non-research/non-brokerage component of the product or service with NFC Investments' own funds. Although the allocation between soft dollars and cash is not always capable of precise calculation, NFC Investments will make a good faith effort to allocate such items reasonably. Records of any such allocations will be prepared.

NFC Investments evaluates the brokerage and research services provided by broker-dealer firms at least on an annual basis. The evaluation criteria primarily focus upon the quality and quantity of research and brokerage services provided by such broker-dealer firms. In addition to that formal evaluation, NFC Investments periodically reviews the trading performance of its brokers, evaluates trading strategy, and assesses the efficacy and efficiency of its trading policies and procedures.

Item 13 – Review of Accounts

NFC Investments reviews each client account on an ongoing basis for conformity with investment style, asset allocation and changes to performance of individual securities. NFC Investments also reviews accounts when it is notified of changes in client objectives, guidelines or financial circumstances, among other factors. Reviews generally include analysis of account performance and may include comparison with relevant standards and review of account objectives and guidelines. Charles Slatery, President and Chief Executive Officer of NFC Investments, performs all reviews of client accounts.

NFC Investments arranges for the executing broker to furnish clients with confirmations of trades or debit/credit advice promptly after completion of any transaction for which NFC Investments has placed an order. NFC Investments also provides clients with duplicate trade confirmations for every transaction. The nature and frequency of reports to clients are determined primarily by the particular needs or preferences of each client. Generally, clients receive a quarterly report that includes a list of all transactions for that period, a list of current holdings, and a summary of the current market environment.

Item 14 – Client Referrals and Other Compensation

NFC Investments has an agreement with Patrick M Kerney, a client of NFC Investments, where he is compensated to refer clients to NFC Investments. Mr Kerney entered into an independent contractor relationship with NFC Investments in July of 2015 where he receives a portion of referred client fees. Clients referred to NFC Investments by Mr Kerney pay fees in line with other NFC clients and do not pay higher fees simply because they were referred by Mr Kerney.

Item 15 – Custody

NFC Investments does not take custody of typical advisory client accounts. However, as managing member of a few private funds, NFC Investments has custody of those accounts.

Advisory clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. NFC Investments urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investors in NFC Partners, NFC Insurance Partners, Deleo Holdings, and WBL Partners receive an annual audit of each Limited Liability Corporation from a third-party accounting firm.

Item 16 – Investment Discretion

NFC Investments generally accepts accounts only when it is given full investment discretion (i.e., the authority to make investment decisions for the account without prior consultation with the client). The firm's discretionary authority regarding investments may, however, be subject to certain limitations, such as restrictions or prohibitions placed by the client on transactions in certain types of securities or industries. Any such limitations are to be agreed upon in advance with each client. Each client must execute an advisory contract to enable NFC to obtain discretion over accounts.

Due to the nature of private investment, advisory clients often technically have investment discretion. Specifically, offering documents and operating agreements, for example, must be executed by underlying advisory client as NFC Investments does not have authority to do so on behalf of advisory clients.

Investment guidelines and restrictions must be provided to NFC Investments in writing.

Item 17 – Voting Client Securities

Decisions on voting proxies for securities held in a client account are made by the client unless the client delegates voting authority to NFC Investments and NFC Investments accepts such authority. If and to the extent the client delegates to NFC Investments voting authority with respect to the client's securities, NFC Investments will vote proxies in a manner it believes is in the best interest of the client. To assist it in doing so, NFC Investments has adopted proxy voting policies and procedures. NFC Investments will consider only those factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment. Proxy votes will be cast in favor of proposals that, in NFC Investments' reasonable judgment, maintain or strengthen the shared interests of shareholders and management, increase shareholder value, and maintain or increase the rights of shareholders. Proxy votes will be cast against proposals that NFC Investments believes have the opposite effect. A copy of NFC Investments' proxy voting policies and procedures is available to clients upon request. In addition, if applicable, clients may obtain information as to how NFC Investments voted their securities by writing NFC Investments, Attn: Proxy Voting, at the address set forth on page 1 of this form, or by calling NFC Investments at the telephone number set forth on page 1 of this form.

Item 18 – Financial Information

NFC Investments has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.