

Item 1 – Cover Page

# Northern Capital Management, Inc.

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*March 31, 2011*

Thank you for requesting information about Northern Capital Management, Inc.

This Brochure provides information about the qualifications and business practices of Northern Capital Management, Inc. (“NCM”) Please note 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.

Northern Capital Management, Inc. is a registered investment adviser and registration does not imply any level of skill or training. For more information about Northern Capital Management, Inc., visit the SEC’s website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Sarah Miller, at (509) 456-2526 ext. 21 or email [sarah@ncm-inc.com](mailto:sarah@ncm-inc.com).

## **Item 2 – Summary of Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) made changes to the requirements of the disclosure document which Northern Capital Management, Inc. (“NCM”) is required to provide to its clients. This disclosure document is prepared according to those new requirements and is materially different in structure from older versions of the document. It also includes new information that was not previously required.

The previous version of NCM’s disclosure document, prepared according to the SEC’s old requirements, was last updated on June 29, 2010. NCM updates this document annually or more frequently in the event of certain material changes. In future versions, this section will outline and summarize the specific changes made since the document’s previous update. NCM will deliver a copy of this section to its clients within 120 days of the close of its fiscal year to make sure clients are aware of any material changes to the firm’s business philosophies and practices.

NCM’s clients may request a full copy of the latest version of this document at any time by contacting Sarah Miller, Chief Compliance Officer, at (509) 456-2526 ext. 21 or via email to [sarah@ncm-inc.com](mailto:sarah@ncm-inc.com). A complete copy of this Brochure is also available on our website at [www.ncm-inc.com](http://www.ncm-inc.com). To view the Brochure online, enter our website as a guest and then click the “ADV II” link at the bottom of the webpage.

### Item 3 – Table of Contents

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## Item 4 – Advisory Business

### Company History

Northern Capital Management, Inc. (“NCM”) has been in business since 1992. NCM is incorporated and owned solely by James K. Wilson. The name, originally Bergeron & Wilson, Inc., has changed throughout the years. James K. Wilson has retained majority ownership since the start of the firm. The name Northern Capital Management, Inc. was established in 2003.

### Services Offered

NCM primarily offers discretionary management arrangements (see Item 16). Services include, at no extra charge, financial planning, investment advice and wealth management services suitable for the client's stated investment objectives, tolerance for risk and income needs. Administrative services and non-investment related services are also provided at no additional charge. Each service is further described below:

#### *Financial Planning:*

NCM provides assistance with topics like these:

- Understanding and implementing basic budgeting principles includes cash flow reviews.
- Planning for retirement, *including*:
  - Helping clients anticipate when they can retire.
  - Anticipating income needs in retirement.
  - Creating investment and withdrawal strategies for retirement.
  - Helping clients decide when to take Social Security benefits.
- Planning for college expenses and other financial goals.
- Legacy planning including reviews of current estate plans and documents.
- Personal liability planning including reviews of current life, health, disability, long-term care, home and auto insurance.

#### *Investment Advice:*

NCM tailors advisory services to the individual needs of our clients through the use of assigned Investment Objectives (“IOs”). Representatives meet with clients to discuss financial planning topics, tolerance for risk, long-term plans and goals. Based on these conversations, representatives help each client select an Investment Objective (“IO”) that is suitable for them. Clients are then coded by the IO that they select.

NCM has an Investment Committee that meets regularly to collectively review the list of IOs available to clients. IOs range from the most aggressive type of investors to highly risk adverse investors. The Investment Committee creates target allocations for each Investment Objective.

**Example:** One of the Investment Objectives is called Growth Moderate. Although the target allocations are always subject to change, this IO may have 70% Stocks and 30% Bonds at a given time. All clients that are assigned the Growth Moderate IO are expected to have allocations close, if not exactly matching, these targets.

The target allocations created by the Investment Committee are called Allocation Models (“models”). Further, each IO has a Base and Plus model. The *Plus* model allows the Investment Committee the latitude to increase stock exposure above the Base model for clients that are slightly more aggressive than other clients with the same IO.

**Example:** Mr. Smith has selected the Growth Moderate Investment Objective. He is slightly more aggressive than Mr. Jones (another Growth Moderate investor) but he is not as aggressive as Mrs.

Johnson (a Growth Aggressive investor). As a result, Mr. Smith may select the Growth Moderate *Plus* model. If the Base model had 70% stocks/ 30% Bonds, the Plus model might have 75% stocks/25% Bonds, while the Growth Aggressive Base model might have 80% stocks/20% Bonds.

The Investment Objective approach to managing client assets allows our Investment Committee the ability to make specific trade recommendations, across all client accounts, in an efficient manner. This allows our representatives more time to meet with clients, research investments and monitor economic indicators. We believe this approach benefits all of our clients.

#### ***Wealth Management:***

NCM provides assistance with the following:

- Ongoing monitoring of investments.
- Portfolio reallocations, as we deem appropriate.
- Account reviews with clients, offered annually but available upon request.
- Educational materials, publications and/or webinars, as we deem appropriate.
- Professional monitoring of economic and market conditions on a continuous basis.

#### ***Administrative Services:***

All clients are provided:

- Monthly or quarterly account statements from applicable custodians.
- Unlimited consultations via email, telephone or meetings in our office.
- Guest access to the NCM website: [www.ncm-inc.com](http://www.ncm-inc.com)
  - Includes access to educational materials at no additional cost, including our “Week In Review” newsletter and periodic Webinars presented by Investment Committee members. Educational materials avoid specific security recommendations and are available to the public.
- Access to our professional referral network:
  - **Example:** We recommend professionals to help clients with issues like tax planning, insurance, estate planning, legal services, etc. We do not have compensation arrangements with these professionals. (See Item 14)

#### ***Non-Investment Related Services:***

We offer:

- Tax data sufficiency checks, upon request.
- Required Minimum Distribution assistance (for clients over 70 ½ years old).

#### ***Services Not Offered:***

We do not:

- Offer Wrap Fee Programs.
- Sell insurance, commissioned variable annuities or commissioned fixed annuities.
- Provide legal or tax advice.

#### **Investment Restrictions Allowed To Clients**

NCM allows two levels of restrictions to clients. Restrictions can apply to specific accounts or specific securities. These restrictions are limited. Please read the following carefully.

Trading Restrictions: Clients can request Contact First and No Trading Arrangements, in writing, for specific accounts.

- The **Contact First Arrangement** is used for clients that want to be discretionarily managed, but also want to be contacted prior to NCM placing trades in specific account within a discretionarily managed portfolio. Accounts coded as “Contact First” are not reviewed or traded as quickly as discretionarily managed assets.
- The **No Trading Arrangement** is used for clients that want to direct all trades within an account. Some discretionarily managed clients have one or two specific accounts within a discretionarily managed portfolio that they have restricted NCM from trading. If an entire portfolio is to be considered “No Trading” a Non Monitoring arrangement is usually established for the portfolio. See Item 16 for more information.

#### Investment Restrictions: **Allowed**

- **Contact First Securities** – A security coded as “Contact First,” by client request, requires the client be contacted prior to trading. The security is included in the client’s portfolio allocations. The advisor reviews and monitors the security and makes recommendations to trade, but the client must approve each trade first. Investments coded as “Contact First” are not reviewed or traded as quickly as discretionarily managed assets.
- **Hold Securities** – A security on “Hold,” by client request, is considered to be a client-directed asset. The security is *included* in the client’s portfolio allocations and the advisor will review and rebalance the client’s portfolio around the client-directed asset. The advisor does not review, monitor or make recommendations for the security. The security is included when calculating the management fee because the advisor is accommodating the position within the managed portfolio.
- **Unmanaged Securities** – A security that is “Unmanaged,” by client request, is considered to be a client-directed asset. The security is *excluded* in the client’s portfolio allocations. The advisor does not review, monitor or make recommendations for the security. The client directs all trades for unmanaged assets. The security is *excluded* when calculating the management fee.

#### Investment Restrictions: **Prohibited**

- Clients are not permitted to impose restrictions against specific companies, industries or sectors. **Examples:**
  - Specific individual stocks or bonds like Coca Cola, McDonald’s, etc.
  - “Sin” industries like gambling or tobacco.
  - Specific sectors like foreign stocks, precious metals, commodities, etc.

### **Assets Under Management**

As of December 31, 2010, the values of client assets under management were as follows:

Discretionarily Managed: \$450 million

Non-Discretionary Accounts: \$8.1 million

## Item 5 – Fees and Compensation

### Compensation

NCM is compensated for all services by charging a fee that is a fixed percentage of total assets under management. This is referred to as our “management fee.” The annual management fee rate is listed on the client’s Financial Advisory Agreement. The fee is calculated and billed every 6 months.

#### Management fees are negotiable.

Fee structures are determined by the account size and intensity of the management responsibilities. Most commonly, NCM charges a fixed percentage of assets under management, but our firm can also elect to charge fixed fees (not including subscription fees) or commissions under the broker/dealer relationship with WFCG Securities, Inc. See Item 10 (Investment Companies – Commissions, Sales Charges and Loads) and Item 12 for more information. Our firm may also elect to charge a flat annual fee, combine a fixed percentage of assets under management with a flat minimum fee or create graduating scales where the fixed percentage drops at specified breakpoints as assets under management increase.

### Fee Schedule

Our annual fee structure is 1% on assets under \$1,000,000 and .5% thereafter. The minimum annual fee is \$1,000.

### Calculating Your Bill

Management fees are based upon the assets under management, at the billing date, without regard to deposits and withdrawals. Fees are payable on a six month lagging basis.

**Example:** Judy became a client January 1, 2011. Her billing rate is 1%. Her first bill, for 0.5% will be processed 6 months later, July 2011 and her second bill, for 0.5% will be processed January 2012. The two billing cycles for 0.5% will make up her 1% annual fee. Judy will not pay the full 1% until she has received 1 year of service.

It is possible to pay the fee on a lagging annual basis, without paying every 6 months, but not the arrangement preferred by NCM.

When calculating the management fee, limited partnerships are generally valued at \$0 due to a lack of marketability.

### Paying Your Bill

Our standard billing procedure is to send each client an itemized bill. This bill includes a description of how the fees were calculated and the total amount due. Upon receipt, the client can elect to pay by check or automatic fee deduction.

#### ***Automatic Fee Deduction:***

Clients must first authorize, in writing, NCM to automatically deduct management fees from the client’s account(s). Once authorized, NCM can automatically deduct the management fee from the client’s account(s) at each billing cycle until the authorization is revoked in writing. In future billing cycles, the itemized bill the client receives will indicate the amount auto deducted for that billing cycle. Fee deductions can then be confirmed by the client using independent brokerage statements sent to the client from the custodian.

## **Additional Fees and Expenses**

In addition to our management fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker/dealers. Please refer to the Brokerage Practices section (Item 12) for additional information.

Fees and expenses take many forms, but the most common to our practice include:

- **Transaction fees charged by the broker/ dealer:** Examples include any transaction fees imposed by a broker dealer that NCM trades through on behalf of client accounts.
- **Mutual fund fees:** NCM primarily uses load-waived mutual funds, but mutual funds can still have Operating Expense fees that are separate from transaction fees. The Operating Expense Ratio (“OER”) are the fees paid to the manager of the fund. Mutual Funds can also have 12b1 fees that are charged to investors of a fund to pay for its sales and advertising expenses.
- **Custody fees:** These are charged by some custodians for housing certain assets and/or real estate. Some custodians do not charge custody fees, but are compensated in other ways. See Item 12 (Current Broker/Dealer Arrangements – In Detail) for more information.

***ERISA Accounts:*** NCM is deemed to be a fiduciary to advisory clients that are regulated under the Employee Retirement Income and Securities Act (“ERISA”). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code. This code includes restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, NCM may only charge management fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. If NCM receives commissions or 12b-1 fees, they are used to offset NCM fees only.

### **Revenue Sharing Arrangements:**

Revenue sharing arrangements exist in pension plans with substantial assets and where a structured menu of funds is used for the plan. In these agreements, a portion of the mutual fund’s OER and 12b-1 fee is paid to the advisor or third party administrator to offset pension management costs for the pension plan. Generally, this commission is 0-1% annually. WFCG Securities, Inc. (“WFCG”) is used to collect revenue sharing offered by mutual funds for NCM. WFCG uses fees collected to offset Third Party Administrator (TPA) fees first and then keeps any remaining fees collected to offset NCM management fees. The fact that WFCG keeps revenue sharing is of little significance. See Item 12 (*WFCG Securities, Inc.*) to understand the relationship between NCM and WFCG.

### **Additional Compensation for Pension Plans:**

NCM manages menu pension plans with a structured menu of funds that pay trailing commissions to WFCG Securities, Inc. from the American Funds Mutual Fund group. Examples include larger asset plans utilizing loaded A shares or smaller asset plans utilizing C share classes.

For this reason, plans that pay trailing commissions are not charged a separate management fee by NCM. See the Supervised Persons Receive Commissions section below and Item 12 (*WFCG Securities, Inc.*) to understand the relationship between NCM and WFCG.

## **Pre-Paying Management Fees**

NCM does not allow for the pre-payment of management fees.

## **Refunding Management Fees**

NCM does not have a termination penalty. In the event a client wishes to terminate our services, the client is liable for fees charged for the services rendered through the termination date. Our contract allows termination by either party to take effect 30 days after the request has been provided in writing by the client or advisor.



In the event the client elects to terminate within the first 30 days of the advisor-client relationship, to be evidenced by the date the client signed the Financial Advisory Agreement, NCM will not charge management fees. Please note additional fees incurred in the account integration process or during the implementation of trades are non-refundable.

### **Supervised Persons Receive Commissions**

Compensation can be provided to employees of NCM who are also registered with the broker/dealer WFCG Securities, Inc. (WFCG) In order for supervised persons to receive commissions, also known as “trails,” the relationship must be fully disclosed to the client. The compensation agreement is disclosed to the client by providing a prospectus for the investment and a verbal commission compensation disclosure. Compensation agreements exist between WFCG and various mutual funds and variable insurance companies. It is rare WFCG is used for individual clients. Most commonly, WFCG is used for pension plan arrangements. See the ERISA Accounts section above for more information.

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

NCM does not charge performance-based fees.

## **Item 7 - Types of Clients**

### **Types of Clients**

NCM generally provides investment advice to:

- Individuals
- Trusts, Estates and Charitable Organizations
- Corporations and business entities
- Pooled Pension Plans, Menu Pension Plans and Profit Sharing Plans

### **Minimum Account Size**

The minimum size for new assets under management is \$250,000.

NCM will accept a limited number of engagements below the minimum account size for referrals from existing clients of family or friends. The minimum account size may be waived at our sole discretion. Extenuating circumstances in the past have included the source of the referral, family legacy accounts and potential future funding.

If an account falls below the minimum account size, NCM reserves the right to terminate the relationship. This seldom occurs unless NCM or the client determines the minimum fee is too significant, given the size of the account.

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

### Method of Analysis

The NCM Investment Committee utilizes fundamental investment analysis in determining the types of investments to be used in client portfolios. The main sources of information used by NCM in our research include:

- Financial newspapers, magazines and websites. (Both paid and non-paid subscriptions)
- Research material prepared by outside entities including custodians and earnings analysts.
- Corporate rating services
- Annual reports, prospectuses and filings with the Securities & Exchange Commission
- Company Press Releases
- Investment company sales and advertising literature
- Discussions with individuals deemed to have expert or specialized knowledge.

Fundamental research requires the NCM Investment Committee to evaluate:

- Economic, political and monetary factors.
- Industry trends and economic business cycles.
- Production, inventories and demand across different industries and sectors.
- Examining the underlying financial health of a particular company or asset. This includes revenues, earnings, future growth potential, return on equity, profit margins, earnings per share, and so on, to determine an asset's underlying value and potential for future growth.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the investment.

### Risk of Loss

Securities investments are not guaranteed. Investing in securities involves risk of loss that clients should be prepared to bear. We ask clients to work with us and help us understand your tolerance for risk.

### Types of Investments

NCM does not invest client funds in proprietary products. This means we do not directly manage the mutual funds or private money managers we recommend for clients. This gives us the ability to select from thousands of mutual funds and money managers in existence. This also minimizes potential conflicts of interest when making investment recommendations to clients.

NCM utilizes primarily no-load mutual funds. We consider mutual fund selection to be our primary area of expertise. We also make limited recommendations for the following investment types. NCM's advice is limited to these types of investments:

- Open and Closed End Mutual Funds
- Exchange-listed securities
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States governmental securities
- Interests in partnerships investing in real estate

## Investment Strategies

The investment strategies we use to implement investment advice to clients include:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)

**Long-Term Investing** is the core component of NCM's overall trading practices. The decisions of the Investment Committee are primarily long-term in nature and are not contingent upon day-to-day market fluctuations. The performances of investments we use are measured relative to comparable peers and indices in the same segment of the market rather than broad based stock market indices such as the S&P 500 or the Dow Jones Industrial Average.

**Short term Investing** is not a prominent part of NCM's core trading practices. However, in certain circumstances, when a short term trade is suitable and the Investment Committee is able to trade fairly across all suitable accounts, the Investment Committee will make recommendations for short term trades in client accounts. Examples of recent short term purchases include market distortion opportunities in individual corporate stocks and bonds and tax loss harvesting strategies at year-end. We do not attempt to "time the market" with short market movements or intraday trading, but instead opt for longer-term investing strategies.

## Additional Risks and Considerations

**General Economic Conditions and Market Disruptions:** Client portfolios are invested into securities subject to market conditions. All investments may become volatile as a result of changes to economic conditions and market movements both in the US and abroad. Market movements are difficult to predict and are influenced by many factors. Some factors include: Changing consumer sentiment, government policies, national trade, supply vs. demand relationships, fiscal, monetary and exchange control programs, interest rate changes and global factors such as changes to economic, political or legal systems around the world, global financial conditions, global trade, currency exchange rates, etc. These factors, and many others, can negatively impact investments in value, quality and liquidity.

**Mutual Fund Liquidity:** The NCM Investment Committee primarily recommends open-end mutual funds. These investments fluctuate in value based on supply and demand. If a mutual fund receives distribution requests from a large percentage of shareholders at one time, the fund manager may be forced to sell underlying investments at lower prices in order to fulfill distribution requests. This can negatively impact the value and/or returns of the investment for shareholders that remain in the mutual fund long-term. Please note some mutual funds have the ability to prohibit distributions under certain market conditions for this reason.

**Inaccurate Data:** The NCM Investment Committee is aware the data from third parties that we rely upon for making investment decisions may be incorrect. We do our best to identify reliable and non-bias information when making investment decisions. Even so, we acknowledge there is always a risk that our analysis may be compromised due to inaccurate or misleading information.

**Tax Considerations:** The NCM Investment Committee directs trades with the primary focus of generating positive returns for client portfolios. Minimizing taxable events is a concern for the Investment Committee, but it is secondary to returns. Clients should be aware that trading in taxable accounts may reduce the after-tax returns in the client's portfolio.

**Equity Securities:** Investments into stocks can create more risk than other non-stock oriented investments. Stocks have greater potential for long-term growth and greater potential for loss. To manage these risks, the NCM Investment Committee tends to recommend diversified stock

investments, like equity mutual funds, over individual stock positions. There have been times when the Investment Committee has recommended individual stocks, but these trades are opportunistic (more risky) in nature and only recommended when deemed suitable for a client.

***Debt Securities:*** Investments into bonds and other fixed income (debt) securities are subject to two types of risk: interest-rate risk and credit risk. Interest-rate risk is the likelihood that bond prices will decline if interest rates rise. NCM tries to lessen interest rate risk by minimizing and, at times avoiding exposure, to those most sensitive to interest rate changes - long-term bonds. At times the Investment Committee will avoid fixed income securities of different maturities in response to changes or anticipated changes in interest rates. Credit risk is the possibility that the issuer of a bond will default on all or part of their interest and principal obligations. To manage these risks, the NCM Investment Committee tends to recommend diversified fixed income investments, like bond oriented mutual funds, over individual bond positions. There have been times when the Investment Committee has recommended individual bonds, but these trades are opportunistic (more risky) in nature and only recommended when deemed suitable for a client.

## **Item 9 - Disciplinary Information**

### **No Disciplinary History to Report**

NCM is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and personnel have no reportable disciplinary events to disclose at the present date.

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

### **Registered Management Persons**

The following employees of NCM, in alphabetical order, are also registered with WFCG Securities, Inc., a broker/dealer:

- Molly Chase
- David Holloway
- Rose Martin
- Josh McLaughlin
- Sarah Miller
- Michelle Warner
- James Wilson

### **Managing Conflicts of Interest**

#### ***Culture of Compliance:***

NCM strives at all times to put the interest of our clients before our own. We have a fiduciary responsibility to make recommendations that are suitable and in the best interest of our clients. In this Brochure, you will find disclosure of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to the management fees clients pay.

In order to manage conflicts of interest, our Compliance Department has adopted the following procedures:

- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management reviews information about each new client to verify the Investment Objective selected is suitable for the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm;
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Existing Conflicts of Interest – in Detail**

### ***Investment Companies - Commissions, Sales Charges and Loads:***

The investment advice clients receive from NCM may include recommendations to purchase products from the American Funds Investment Company on a direct-way basis. When clients purchase shares directly from the American Funds, WFCG Securities, Inc., or the registered person making the recommendation, may receive additional compensation in the form of sales commissions from the transaction. This creates a monetary incentive for the representative to recommend buying American Funds shares on a direct-way basis instead of purchasing load-waived shares of the same investment through an alternative custodian. Buying direct-way creates a sales charge in addition to the management fee the client has paid. To address this conflict of interest, NCM has adopted a policy for pension and individual clients as follows:

**ERISA Plans** - Pension plans (including larger asset plans utilizing loaded A shares or smaller asset plans utilizing C share classes) paying trailing commissions are not charged a separate management fee by NCM. Further, due to this conflict of interest, plans paying trailing commissions are also reviewed annually by management. Please note exceptions to this policy apply if a client's situation prevents them from using alternative broker/dealers. Small pension plans, for example, which are unable to afford custodian platforms or third party administrators, may be set up on a direct-way basis with the American Funds because it is in the best interest of the client.

**Individual Clients** – NCM has adopted the policy to recommend new purchases of American Funds mutual funds into the load-waived F series share class available through Charles Schwab and other broker/dealers instead of directly with American Funds. Buying the load-waived F share class will avoid the sales charge to clients. Transactions are monitored by management to look for inconsistencies. Please note exceptions to this policy apply if a client's situation prevents them from using other broker/dealers.

### ***Other Investment Advisors and Financial Planners:***

We do not recommend or select other investment advisors for our clients.

### ***Futures Commission Merchant, Commodity Pool, or commodity trading advisor:***

We do not recommend or select Futures Commissions Merchants, Commodity Pools or commodity traders for our clients.

### ***Banking or Thrift Institution: Bank Arrangements:***

NCM utilizes a variety of professional banking relationships for technical information used in providing investment advice to clients. There is no formal arrangement for information to be received. Further, NCM recommends a few specific banking institutions to clients for their personal banking needs. No compensation is received or paid as a result of referrals to or from banks.

Mortgage Lending: Our lead referral recipient is Kenneth Hunt at American West Mortgage Lending Services located in Spokane, WA. Kenneth Hunt also has a history of referring clients to NCM.

Private Banking: Our lead referral recipient is Paul Ellyson at America West Bank located in Spokane, WA. At present Paul Ellyson does not have a history of referring clients to NCM; he has expressed intent to do so.

Personal Banking: Our lead referral is Community 1st Bank located in Post Falls, ID. Community 1st Bank has a history of referring clients to NCM.

***Accountant or Accounting Firm:***

NCM utilizes a variety of accounting firms to relay technical information related to tax planning from accountants to clients. There is no formal arrangement for information to be received. NCM and its representatives often recommend accounting firms to clients for tax preparation also. No compensation is received or paid as a result of referrals to or from an accounting firm.

Tax planning Advice and Tax Preparation Services: Our lead referral recipients are Jim McDirmid and Andrew McDirmid of McDirmid, Mikkelsen & Secrest P.S. located in Spokane, WA. This accounting firm has a history of referring clients to NCM.

***Lawyer or Law Firm:***

NCM utilizes a variety of law firms to relay technical information related to legal advice from lawyers to clients. There is no formal arrangement for information to be received. NCM and its representatives often recommend lawyers and law firms to provide clients with legal advice also. No compensation is received or paid as a result of referrals to or from a law firm.

Legal Advice and Services: Our lead referral recipients are Kit Querna of Randall and Danskin located in Spokane, WA and Phil Carstens of Lukens and Anis located in Spokane, WA. Both law firms have a history of referring clients to NCM.

***Insurance Company or Agency:***

NCM utilizes a variety of relationships with representative of insurance companies to implement insurance recommendations for clients. NCM has no formal agreement to refer business to these companies, nor does NCM receive compensation directly or indirectly as a result of referrals of business to these companies.

Long-Term Care, Medicare Supplements and Medicare Prescription Drug Plans: Our lead referral recipient is Wolf & Associates located in Spokane, WA. Wolf & Associates has a history of referring clients to NCM.

Life and Disability Coverage: Our lead referral recipient is Northwestern Mutual located in Spokane, WA. To date, Northwestern Mutual does not have a history of referring clients to NCM.

***Pension Consultant:***

NCM utilizes a variety of pension administration firms, also called Third Party Administrators (TPAs) for technical information relating to pension plan advice rendered to clients. There is no formal arrangement for information to be received. NCM and its representatives often recommend TPA firms to clients for pension plan installation and implementation. No compensation is received or paid as a result of referrals to or from TPAs. Our lead referral recipients include:

- Randall & Hurley located in Spokane, WA. This firm has a history of referring clients to NCM and WFCG Securities, Inc.
- McDirmid, Mikkelsen, and Secrest, P.S. located in Spokane, WA. This firm has a history of referring clients to NCM and WFCG Securities, Inc.
- American Funds Retirement Planning Services located in Carmel, IN. To date, this firm does not have a history of referring clients to NCM and WFCG Securities, Inc.



***Real estate broker or dealer:***

We do not recommend or select real estate brokers or real estate dealers for our clients.

***Sponsor or Syndicator of limited partnerships:***

We do not recommend sponsor or syndicators of limited partnerships for our clients. Some clients own legacy positions in limited partnerships under our management. See Item 5 (Calculating Your Bill) for more information regarding these positions.

## **Item 11 - Code of Ethics**

### **Code of Ethics**

A Code of Ethics (Code) has been adopted by NCM and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (Advisers Act). The Code is based upon the principle that NCM and its employees owe a fiduciary duty to our clients. The Code is designed to ensure this high ethical standard continues to be applied. The excellent name and reputation of our firm is a reflection of the ethical conduct of each employee.

***NCM will provide a copy of our Code of Ethics to any current or prospective client upon request.***

### **Policy on Employee Personal Trading**

The Code establishes rules of conduct for all employees of NCM. It is designed to, among other things, govern personal securities trading activities in employee accounts. According to the Code, employees agree to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their personal interests ahead of clients.
- Taking inappropriate advantage of their position with the firm.
- Any actual or potential conflicts of interest.
- Any abuse of their position of trust and responsibility.

The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

### **Participation or Interest in Client Transactions**

The Investment Committee manages portfolios for many of our employees. Therefore, investments and trading strategies recommended by the Committee for client accounts may also be recommended for employee accounts. Purchases or sales of mutual funds and variable annuities that are recommended to clients are commonly placed in employee accounts also. Currently, there are no policies or procedures in place to prevent this from occurring. However, the execution of mutual fund and variable annuity transactions must be made in such a way to honor the Code and not put an employee's personal interests ahead of our clients.

Employee transactions into other types of investments including individual stock, individual bonds and exchange traded funds require prior approval from a supervisor. Registered Principals complete these reviews to ensure transactions are not violating our Code and trades are not placed ahead of pending client orders for the same security.

Employees are prohibited from:

- Buying and selling directly to or from a client account.
- Participating in client trades by way of aggregation or allocation.

Duplicate statements for employee transactions are reviewed by the Chief Compliance Officer to ensure compliance with these policies.

## **Item 12 - Brokerage Practices**

### **Selecting Broker/Dealers**

NCM has discretion regarding the selection of broker/dealers for client accounts. In seeking best execution through broker/dealers (“B/Ds”) on behalf of our clients, NCM does not use the lowest possible cost to clients (commissions and fees) as the main determining factor in our broker/dealer (“B/D”) selections. Instead, we consider many factors in our evaluations. The final B/D selections are based on a comprehensive review of fees and services provided by each. These factors include the following:

- Historical professionals relationships
- Reputation and financial strength
- Custody of Assets
- Order entry and execution systems
- Commission rates and fees
- Execution capability
- Reporting features for custodial statements, confirmations and reports
- Technology available to NCM for pricing and client reports
- Quality of Research
- Quality of Customer Service
- Tools and Research provided to the Investment Committee and Compliance Department.
- Other benefits considered “Soft Dollars.”

### **Current Broker/Dealer Arrangements**

Formal agreements have been established between NCM and the following B/Ds for various client relationships:

- Charles Schwab & Company, including the affiliate Great West Annuities.
- TD Ameritrade
- Fidelity Investments
- TIAA Cref
- WFCG Securities, Inc. (for execution at the American Funds Mutual Fund Group)
- Charles Schwab Trust Company
- Wilmington Trust Company

To the extent the client is able to transfer or rollover assets to these custodians, NCM will require the use of the custodians and the B/D services they provide. See “Further Details” below for specific information regarding each B/D arrangement.

### **Soft Dollar Arrangements**

The Securities Exchange Act of 1934 allows NCM to authorize increased commissions (transaction fees that client’s pay) to a broker/dealer, above what clients would pay another broker/dealer for the same transaction, in exchange for research and brokerage services provided to NCM by the broker/dealer. As long as NCM has made a good faith determination that the value of the research and brokerage services enhance the quality of investment advice clients receive, NCM can direct clients pay higher commissions in exchange for the research and services NCM is provided by the broker/dealer. This arrangement is known as a “soft dollar” arrangement.



Although, NCM does not believe clients pay higher fees or commissions as a result of working with our recommended broker/dealers, NCM does receive research and brokerage services that enhance the investment advice provided to clients. As a result, we do not believe “soft dollar” arrangements exist (as we do not believe clients are paying more in commissions in exchange for research and brokerage services), but we do believe material conflicts of interest exist with the broker/dealers providing NCM with research and brokerage services. Please read the next section regarding conflicts of interest carefully. Please also review full descriptions of the research and services provided to NCM by our broker/dealers below.

## **Conflicts of Interest**

As a fiduciary, NCM endeavors to act in the best interest of its clients. NCM's requirements for clients to use specific broker/dealers for transactions and maintain assets with specific custodians may be based, in part, on the products and services provided by custodians and broker/dealers. Because cost or quality of services provided is not the only determining factor in NCM's recommendations and requirements, material conflicts of interest exist.

In order to address conflicts of interest, NCM will continue to monitor the cost structures of various custodians in a bid to minimize trading costs while maximizing benefits to NCM and clients. A review of custodians is completed annually by the Chief Compliance Officer, Sarah Miller.

## **Current Broker/Dealer Arrangements – In Detail**

Charles Schwab & Company (Schwab), Great West, TD Ameritrade, Fidelity, Charles Schwab Trust Company and Wilmington Trust Company serve as B/Ds for NCM. WFCG Securities, Inc. is a B/D, but is not a qualified custodian. Any assets invested through WFCG are custodied with Capital Bank & Trust for the American Funds Mutual Fund Group or another qualified custodian. See Item 15 for more information regarding custody.

Most of NCM's assets consist of investments in mutual funds, ETFs, exchange-traded securities and similar vehicles and instruments. If a client holds an alternative asset, NCM may process transactions through a variety of broker/dealers to attempt to “find a market.” NCM may recommend clients establish brokerage accounts with Schwab to maintain custody of client assets and to effect trades for their accounts.

### ***Charles Schwab & Company (“Schwab”)***

Schwab provides NCM with access to Schwab's institutional trading and custody services. This includes access to brokerage, custody and research services. Typically the same kinds of services are not available to Schwab retail clients. For example, institutional clients have access to some investments, including mutual funds, at lower initial minimum requirements than retail investors. The services provided are available to most independent investment advisors at no additional cost contingent upon an advisor committing a specific amount of business (assets in custody or trading) to the custodian.

**Custody Fees:** This custodian does not charge a separate fee for custody but is compensated through transaction related fees for trades executed through the broker/dealer or trades that settle into accounts custodied with the broker/dealer. NCM attempts to use non-transaction fee funds as much as we are able without compromising the quality of returns on investments or taking undue investment risk.

**Benefits to Clients:** Schwab makes available products and services that benefit NCM's clients. These services include providing NCM with software and other technology to access client account data process trades for clients, provide research, pricing information and other market data to clients. Schwab also provides a platform for deducting fees from client accounts and assisting with other back-office functions related to record keeping and client reporting. These services are used for a substantial number of NCMs accounts, including accounts not maintained at Schwab.

NCM Business Development: Schwab makes available services intended to help NCM manage and develop its business including consulting, publications and conferences that focus on practice management, information technology, business succession, regulatory compliance and marketing. Schwab may also pay independent third parties to provide these services to NCM.

Schwab makes other products and services that benefit NCM's business but may not necessarily benefit client accounts. These services are not a great consideration in NCM's selection of Schwab.

Discounts: Schwab may discount or waive fees it would otherwise charge for some of the services provided to NCM. Schwab may also pay all or a part of the fees for a third-party to provide these services. Discounts received in the last year and discounts NCM expects to receive this year, include:

1. Ongoing – Discount for subscription to Morningstar.com (Research)
2. 2011 – Waived Schwab IMPACT Event Registration Fee (Business Development)
3. 2011 – Discount for a new Portfolio Center User Interface (Client Reporting)

### ***WFCG Securities, Inc.***

WFCG Securities, Inc. ("WFCG") has been in business since 1993. WFCG is incorporated and owned solely by James K. Wilson. The name, originally Bergeron & Wilson Securities, Inc., has changed throughout the years. James K. Wilson has retained majority ownership since the start of the firm. WFCG Securities, Inc. was established in 1998.

Recommendations from NCM to be executed through WFCG will result in compensation being paid to the representative both on an initial and ongoing basis. See Item 10 (Registered Management Persons) for a list of NCM employees registered through WFCG.

See Item 10 (Existing Conflicts of Interest – in detail: Investment Companies - Commissions, Sales Charges and Loads) for more information regarding the relationship between NCM and WFCG. Item 10 details the circumstances in which NCM will recommend WFCG as the broker/dealer for client and pension accounts. You will also find information related to the conflict of interest associated with using this broker/dealer under Item 5 (Supervised Persons Receive Commissions)

WFCG does not currently have any agreement or responsibility to provide NCM with any research, products or services. The client does not pay higher or lower commissions as a result of using WFCG versus other broker/dealers.

Custody Fee: Not applicable. WFCG is not a custodian. Assets traded by WFCG are custodied elsewhere. For example Capital Bank & Trust is the custodian for American Funds Mutual Funds Group.

### ***TD Ameritrade ("TDA")***

#### ***Fidelity Investments ("Fidelity")***

TDA and Fidelity provide NCM with access to institutional trading and custody services. This includes access to brokerage, custody and research services. Typically the same kinds of services are not available to retail platform clients. For example, institutional clients have access to some investments, including mutual funds, at lower initial minimum requirements than retail investors. The services provided are available to most independent investment advisors at no additional cost contingent upon an advisor committing a specific amount of business (assets in custody or trading) to the custodian.

NCM does not actively recommend TDA or Fidelity as broker/dealers for client accounts. NCM maintains relationships with these B/Ds in order to accommodate existing client accounts and provide broker/dealer options to clients in addition to Schwab.

Custody Fees: These custodians do not charge a separate fee for custody but are compensated through transaction related fees for trades executed through the broker/dealer or trades that settle into accounts custodied with the broker/dealer. NCM attempts to use non-transaction fee funds as much as we are able without compromising the quality of returns on investments or taking undue investment risk.

*TIAA Cref (“TIAA”)*

*Charles Schwab Trust Company (“CSTC”)*

*Wilmington Trust Company (“Wilmington”)*

TIAA, CSTC and Wilmington provide NCM with access to trading and custody services for pension-related accounts.

TIAA is used when a client has a pension account that must remain on the TIAA platform. These accounts are bound to a menu of investment options and NCM agrees to manage the client’s assets at TIAA directly.

CSTC and Wilmington are used for structured menu pension plans. These B/Ds can pay commissions, or more concisely revenue sharing fees, when used as a platform for these plans. See Item 5 (Additional Fees and Expenses) for more information regarding revenue sharing. NCM does not discretionarily trade CSTC and Wilmington accounts. Trades are initiated through the TPA and NCM is linked to the account for informational purposes only.

Custody Fees: CSTC and Wilmington charge annual custody fees, at comparable rates, to pension plans. Custody fees can be a fixed dollar amount or a combination of a fixed fee and percentage of assets under management, depending on the client arrangement. Custody fees are invoiced to the plan quarterly. Plan trustees can elect for the plan to pay the custody fees or pass the fees through to the pension plan participants. CSTC and Wilmington work with the TPA to process these fees for the plan, NCM is not involved in the fee deduction process.

### **Brokerage for Client Referrals**

NCM has no formal arrangement regarding referrals to be received from broker/dealers. When a referral is made to or from a recommended B/D, no compensation is received or paid as a result. NCM has no obligation to maintain any specific amount of business (including assets under custody or trading activity) in response to client referrals from B/Ds. To date, Schwab and CSTC have a history of referring clients to NCM. Other B/Ds listed do not.

### **Directed Brokerages**

NCM does not allow directed brokerage. NCM will not accept client instructions to direct brokerage transactions to a particular broker/dealer.

## Item 13 - Review of Accounts

### Review of Accounts

Review Item 4 for more information regarding the NCM Investment Committee and the services NCM provides to clients related to Investment Advice.

Over time, client portfolios will deviate from the Investment Objective model assigned. Performance of investments, deposits and withdrawals, among other things, can cause a portfolio to deviate from the assigned model rather quickly. In order to keep the investments in portfolios compliant with the assigned IO models, reviews and rebalances must periodically occur.

### Client Specific Reviews

Reviews of account allocations and financial plans are conducted for individual clients upon request. Most commonly this review occurs during the client's annual meeting with an advisor representative. This review can also occur in response to an unscheduled meeting, telephone call or email.

Life changing events may also prompt a review of your Investment Objective and financial plans. We ask clients to keep our office informed of all life-changing events that may affect the client's financial profile. Examples include changes to health (including illness or disability), changes to marriage status (including divorce or marriage), death or severe illness of a close family member (spouse or dependents) and any other changes that would affect how your investments should be managed. Account reviews will lead to portfolio rebalances as advisor representatives deem necessary.

### Client Wide Reviews

In addition to client specific reviews described above, Investment Committee members also complete account reviews in various ways:

Annually: At a minimum, reviews of all discretionarily managed accounts occur annually. These reviews are commonly incidental to client-wide trades directed by the Investment Committee.

Semi-Annually: Traders review each discretionarily managed client account to confirm trade restrictions, trade notes and trade settings are completed and accurate. Traders also review and complete outstanding trade related tasks.

Monthly: The Chief Compliance Officer reviews all discretionarily managed portfolios. The report, created via our Tamarac trading system, includes each client's IO model and broad based allocation targets (most commonly, stock/bond ratio) for each client. Portfolio allocations that deviate from the model by greater than 8% are assigned to a trader for review and, if needed, rebalance.

Ongoing: The Investment Committee makes recommendations to purchase or sell investments throughout the year. These client-wide recommendations are implemented for all clients, generally within a short time frame. Client-wide trades are called "trading projects." Trading projects are consistently in progress. Examples include selling out of a particular investment or sector and funding a new investment or sector with the proceeds. While processing trading projects, Traders complete account reviews that focus on the trading project being completed. This review ensures all client accounts remain in compliance with the IO models they are assigned.

### Fund Manager Reviews

As previously mentioned, a large part of NCM's managed assets are mutual funds. These mutual funds are reviewed on an ongoing basis by the Investment Committee.

Initial Reviews: Mutual funds are selected by the Investment Committee through a vetting process. The initial review of a mutual fund includes but is not limited to reviews of the fund's management tenure, risk rating and performance relative to other funds considered peers.

Ongoing: Reviews occur as information regarding the various mutual funds becomes available through subscriptions, articles, newspapers and conversations with fund sponsors.

Quarterly: Mutual fund manager performance is evaluated upon receipt of research data provided by Principia (a product of Morningstar). The Investment Committee compares the performance of selected mutual funds and compares them to other funds considered peers. The Investment Committee also looks for fundamental changes to the fund's management or portfolio. In these reviews, the Investment Committee determines when fundamental changes and/or portfolio underperformance is great enough to warrant the recommendation for the fund to be removed from client portfolios.

Please Note: During times of extreme downward movements in the investment markets, when a mutual fund manager's capability to mitigate losses becomes unachievable given the magnitude of forced redemptions from the mutual fund, quarterly testing may be suspended until such time as the Investment Committee determines conditions have adequately changed. Mutual fund reviews do not necessarily result in trades.

## **Reviewers**

Portfolios and mutual funds are reviewed by supervised licensed individuals. Reviewers must have a bachelor's degree, a minimum of two years relevant investment industry experience, and maintain a national securities license Series 6 or 7 and Series 66 (Series 63 and Series 65 equivalent). Reviewers must also be in good standing with FINRA and the Securities Exchange Commission.

See Item 10 (Registered Management Persons) for a list of the current individuals considered to be qualified reviewers. See the Brochure Supplements for more details about the qualifications of these individuals.

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

NCM does not have any compensation arrangements for client referrals. However, in the past, non-client entities, such as attorneys or tax advisors for example, have sent NCM a gift, such as a gift basket, gift certificate, or provided a discount on a service in thanks for a client referral. Existing clients or non-client entities have also periodically received gifts from NCM, such as a gift basket or gift certificate in thanks for a client referral. These gifts are not obligatory or part of any formal agreement, either written or verbal.

## **Item 15 – Custody**

NCM does not take possession of client money or securities, although NCM generally has the authority to deduct its advisory fees from client accounts. NCM works with a number of custodians including Charles Schwab & Company, Great West, TD Ameritrade, Fidelity Investments, TIAA Cref, Capital Bank & Trust (for American Funds Mutual Funds), Charles Schwab Trust Company and Wilmington Trust Company.

Charles Schwab serves as NCM's primary custodian for client accounts, except annuities, which are custodied at Great West Insurance Group.

At least quarterly, clients will receive account statements from the custodian of their assets. Trade confirmations are also provided by the custodian to the client after trades are executed. Clients are responsible for reviewing the custodial statements and trade confirmations and comparing them with reports provided by NCM. NCM's reports may vary slightly from custodial statements based on

accounting procedures, reporting dates or valuation methodologies of certain securities. Clients should contact NCM immediately if any significant discrepancies or errors are discovered.

## **Item 16 - Investment Discretion**

NCM maintains discretionary trading relationships with all clients, with the exception of self-directing menu 401(K) retirement plans and a very small group of individual clients.

### **Discretionary Management**

Discretionarily managed clients delegate all investment decisions to the advisor. The advisor, without obtaining specific client consent, can make all investment related decisions including the securities to be bought or sold, the amount of the securities to be bought or sold, the broker dealer to be used and any commission rates or fees paid. These clients can be individuals, corporate entities, trusts or pooled pension plans. These clients receive the following services in addition to those referenced in Item 4 (Administrative Services) for all clients:

- Discretionary Trading
- Ongoing Investment Advice and Financial Planning
- Ongoing Wealth Management Services
- Non-Investment Related services
- Full and secure access to the NCM website: [www.ncm-inc.com](http://www.ncm-inc.com)

**Exception:** Sales and purchases may not be initiated without client consent if they result in commission revenue to WFCG Securities, Inc. or its representatives unless the trades are part of a pre-determined and agreed upon portfolio allocation.

### **Non-Discretionary Management**

NCM has a small number of clients who would be considered non-discretionary. See Item 4 (Investment Restrictions Allowed to Clients). Clients who have requested the “Contact First” arrangement on all accounts within their portfolio have effectively requested a non-discretionary arrangement. However, the Financial Advisory Agreement signed by the client details a discretionary management agreement. NCM does not offer a Non-Discretionary agreement, but clients who have requested, in writing, that NCM contact them prior to placing trades are considered non-discretionary clients.

### **Menu Pension Plans**

Menu Pension Plans, if they so choose, receive the following services in addition to those referenced in Item 4 (Administrative Services) for all clients:

- Menu composition advice on a regular basis.
- Discretionary and non-discretionary menu content.
- Employee benefits booklets, upon request.
- Account reviews offered annually but available upon request to plan trustees, finance committee members and plan participants.
- Decision making and educational materials, publications, and/or webinars, as we deem appropriate.

Participants of structured menu pension plans are considered “Unmanaged Accounts” unless the participant completes a Financial Advisory Agreement to create a discretionary management relationship with NCM.



## **Unmanaged Accounts**

Unmanaged accounts are not monitored or managed. Most commonly called “Non-Monitoring clients,” unmanaged accounts do not allow the advisor to make recommendations or trade on their behalf. The advisor does not review investments, except upon client request. Non-Monitoring clients receive basic services offered to all clients, as detailed in Item 4 (Administrative Services). These clients are linked to NCM for reporting and informational purposes only.

## **Item 17 - Voting Client Securities**

NCM has no authority to vote proxies on behalf of advisory clients. Upon client request, NCM may offer assistance regarding proxy matters. However, clients always retain proxy voting responsibilities.

## **Item 18 - Financial Information**

NCM is not required to provide a Schedule G balance sheet. This section is not applicable.

## **Requirements for State-Registered Advisers**

NCM is a federally registered investment advisor. This section is not applicable.

## **Brochure Supplement(s)**

### **Brochure Supplements Overview**

NCM is required to prepare a brochure supplement for each of the following supervised persons:

- Any supervised person who formulates investment advice for a client and has direct client contact; and
- Any supervised person who has discretionary authority over a client’s assets, even if the supervised person has no direct contact with the client.

### **Investment Committee Members**

Included in this brochure you will find supplements for all Investment Committee Members. These employees match the requirements above.

*Investment Committee members are listed in alphabetical order, by last name, for easy reference.*

## **Item 1 - Cover Page**

### **Molly Chase Trading Specialist**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

*This brochure supplement provides information about Molly Chase that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about Molly Chase is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1980

***Educational background*** includes a Bachelor of Arts degree in Business Administration from Eastern Washington University. Molly holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Combined State Law Series 66

***Employment History:***

- May 2008-Present Northern Capital Management, Inc. – Spokane, WA
- May 2008-Present W.F.C.G. Securities, Inc. – Spokane, WA
- September 2003-May 2008 MetLife Financial Advisors – Spokane, WA
- January 2003-May 2008 Chase Honey Company – Spokane, WA

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Molly Chase. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Molly Chase is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

Molly Chase does not receive economic benefits for providing advisory services, other than the regular salary paid by NCM.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, Molly Chase indirectly provides financial advice to clients by helping research and select the investments recommended for client portfolios. Molly Chase is authorized give investment advice directly to clients. Molly is supervised by Michelle Warner, Chief Operations Officer, who can be reached at (509) 456-2526 ext. 17. Molly is also supervised by Sarah Miller, Chief Compliance Officer, who can be reached at (509) 456-2526 ext. 21.



## **Item 1 - Cover Page**

### **David Holloway Certified Financial Planner**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

***This brochure supplement provides information about David Holloway that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.***

***Additional information about David Holloway is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1961

***Educational background*** includes a Bachelor of Arts degree in Business Administration from Eastern Washington University. Molly holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Combined State Law Series 66

***Employment History:***

- June 2003 -Present Northern Capital Management, Inc. – Spokane, WA
- May 2003 -Present W.F.C.G. Securities, Inc. – Spokane, WA
- May 2003 - June 2003 Wilson, Miller & Associates – Spokane, WA
- June 2001 - May 2003 Linsco/Private Ledger – Spokane, WA
- January 2001 - June 2001 Financial Forum – Spokane, WA
- April 1998 - December 2000 Spector Group – Carlsbad, CA
- April 1991 - March 1998 Steinley's Photochart Systems – Dalton Gardens, ID

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of David Holloway. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. David Holloway is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

David Holloway, in addition to the regular salary paid by NCM, receives up front and ongoing commissions for American Funds mutual funds purchased on a direct-way basis. See NCM's Brochure, Item 10 (Investment Companies – Commissions, Sales Charges and Loads) for more details.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, David Holloway indirectly provides financial advice to clients by helping research and select the investments recommended for client portfolios. David Holloway is authorized to provide investment advice directly to clients. David is supervised by Michelle Warner, Chief Operations Officer, who can be contacted at (509) 456-2526 ext. 17.

## **Item 1 - Cover Page**

### **Rose Martin Pension Specialist**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

*This brochure supplement provides information about Rose Martin that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about Rose Martin is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1985

***Educational background*** includes a Bachelor of Arts degree in Speech Communication from Whitworth College. Rose holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Combined State Law Series 66

***Employment History:***

- August 2007-Present Northern Capital Management, Inc. – Spokane, WA
- August 2007-Present W.F.C.G. Securities, Inc. – Spokane, WA
- September 2006-August 2007 Spokane Athletic Club – Spokane, WA
- January 2006-February 2006 Internship with Transitions Women's Health – Spokane, WA

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Rose Martin. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Rose Martin is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

Rose Martin does not receive economic benefits for providing advisory services, other than the regular salary paid by NCM.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, Rose Martin indirectly provides financial advice to clients by helping research the investments recommended for client portfolios. Rose is not a voting member of the NCM Investment Committee and therefore is not responsible for investment selections. Rose Martin is authorized to provide investment advice directly to clients. Rose is supervised by Michelle Warner, Chief Operations Officer, who can be contacted at (509) 456-2526 ext. 17.

## **Item 1 - Cover Page**

### **Joshua McLaughlin Trading Specialist**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

*This brochure supplement provides information about Joshua McLaughlin that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about Joshua McLaughlin is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1981

***Educational background*** includes a Bachelor of Arts degree in Political Science from the University of Arizona. Josh holds the following licenses:

- FINRA Investment Company Products/Variable Contracts Limited Representative Series 6
- FINRA Uniform Securities Agent Law Series 63
- FINRA Uniform Investment Advisors Law Series 65

***Employment History:***

- May 2009-Present Northern Capital Management, Inc. – Spokane, WA
- May 2009-Present W.F.C.G. Securities, Inc. – Spokane, WA
- March 2006-May 2009 National Rural Electric Cooperative Association – Arlington, VA
- October 2004-November 2005 The Vanguard Group – Scottsdale, AZ

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Joshua McLaughlin. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Joshua McLaughlin is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

Joshua McLaughlin does not receive economic benefits for providing advisory services, other than the regular salary paid by NCM.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, Joshua McLaughlin indirectly provides financial advice to clients by helping research the investments recommended for client portfolios. Josh is not a voting member of the NCM Investment Committee and therefore is not responsible for investment selections. Josh McLaughlin is authorized to provide investment advice directly to clients. Josh is also supervised by Sarah Miller, Chief Compliance Officer, who can be reached at (509) 456-2526 ext. 21.

## **Item 1 - Cover Page**

### **Sarah Miller Chief Compliance Officer**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

***This brochure supplement provides information about Sarah Miller that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.***

***Additional information about Sarah Miller is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1980

***Educational background*** includes a Bachelor of Science degree in Organizational Communications from Eastern Washington University. Sarah holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Combined State Law Series 66
- FINRA General Securities Principal Series 24

***Employment History:***

- August 2004-Present Northern Capital Management, Inc. – Spokane, WA
- August 2004 -Present W.F.C.G. Securities, Inc. – Spokane, WA

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Sarah Miller. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Sarah Miller is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

Sarah Miller does not receive economic benefits for providing advisory services, other than the regular salary paid by NCM.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, Sarah Miller indirectly provides financial advice to clients by helping research and select the investments recommended for client portfolios. Sarah Miller is authorized to provide investment advice directly to clients. Sarah is supervised by Michelle Warner, Chief Operations Officer, who can be contacted at (509) 456-2526 ext. 17.

## **Item 1 - Cover Page**

### **Michelle Warner Chief Operations Officer**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

*This brochure supplement provides information about Michelle Warner that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about Michelle Warner is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1977

***Educational background*** includes a Bachelor of Arts degree in Business Administration from Eastern Washington University. Michelle holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Combined State Law Series 66
- FINRA General Securities Principal Series 24

***Employment History:***

- June 2003 - Present Northern Capital Management, Inc. (formerly Bergeron & Wilson, Inc., Wilson Financial Consulting Group and then Wilson, Miller & Associates)-Spokane, WA
- March 1998 - Present W.F.C.G. Securities, Inc. (formerly Bergeron & Wilson Securities, Inc.)
- April 2001 - June 2003 Wilson, Miller & Associates – Spokane, WA
- April 1998 - March 2001 Wilson Financial Consulting Group – Spokane, WA
- May 1997 - March 1998 Bergeron & Wilson, Inc. – Spokane, WA
- May 1997 - March 1998 Bergeron & Wilson Securities, Inc. – Spokane, WA

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Michelle Warner. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Michelle Warner is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

Michelle Warner does not receive economic benefits for providing advisory services, other than the regular salary paid by NCM.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, Michelle Warner indirectly provides financial advice to clients by helping research and select the investments recommended for client portfolios. Michelle Warner is authorized to provide investment advice directly to clients. Michelle is supervised by Sarah Miller, Chief Compliance Officer, who can be contacted at (509) 456-2526 ext. 21.

## **Item 1 - Cover Page**

### **James K. Wilson CEO and Certified Financial Planner**

Northern Capital Management, Inc.  
2700 S. Southeast Blvd. Ste 205  
Spokane, WA 99223  
(509) 456-2526

***March 31, 2011***

*This brochure supplement provides information about James Wilson that supplements the Northern Capital Management, Inc. (NCM) brochure above. Please contact Sarah Miller at if you did not receive a complete copy of NCM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about James K. Wilson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2 – Educational Background and Business Experience**

***Year of Birth:*** 1963

***Educational background*** includes the designation of Certified Financial Planner and two degrees from Whitworth College - one in Accounting and one in Business Management. Jim holds the following licenses:

- FINRA General Securities Representative Series 7
- FINRA Uniform Securities Agent Law Series 63
- FINRA Uniform Investment Advisors Law Series 65
- FINRA General Securities Principal Series 24
- FINRA Financial Operations Principal Series 27

***Employment History:***

- June 2003-Present Northern Capital Management, Inc. (formerly Bergeron & Wilson, Inc., Wilson Financial Consulting Group and then Wilson, Miller & Associates) – Spokane, WA
- March 1998-Present W.F.C.G. Securities, Inc. (formerly Bergeron & Wilson Securities, Inc.)
- April 2001 - June 2003 Wilson, Miller & Associates – Spokane, WA
- April 1998 - March 2001 Wilson Financial Consulting Group – Spokane, WA
- February 1992 - March 1998 Bergeron & Wilson, Inc. – Spokane, WA
- September 1993 - March 1998 Bergeron & Wilson Securities, Inc. – Spokane, WA

## **Item 3 – Disciplinary Information**

NCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of James K. Wilson. No events have occurred that are applicable to this item.

## **Item 4 – Other Business Activity**

NCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. James K. Wilson is not actively engaged in any such activities.

## **Item 5 – Additional Compensation**

James K. Wilson, in addition to the regular salary and profits paid by NCM, receives up front and ongoing commissions for American Funds mutual funds purchased on a direct-way basis. See NCM's Brochure, Item 10 (Investment Companies – Commissions, Sales Charges and Loads) for more details.

## **Item 6 – Supervision**

As a member of the NCM Investment Committee, James K. Wilson indirectly provides financial advice to clients by helping research and select the investments recommended for client portfolios. James K. Wilson is authorized to provide investment advice directly to clients. James is supervised by Michelle Warner, Chief Operations Officer, who can be contacted at (509) 456-2526 ext. 17.

**Northern Capital Management, Inc.**

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