



Northwest Advisors, Inc.  
100 Liberty Street  
Warren, Pennsylvania 16365  
(877) 300-3454

[www.northwestsavingsbank.com/inv\\_northwest\\_advisors.htm](http://www.northwestsavingsbank.com/inv_northwest_advisors.htm)

**Wrap Fee Investment Program**  
**Form ADV Part 2A - Appendix 1**  
**Wrap Fee Program Brochure**  
**November 4, 2015**

This wrap fee investment program brochure provides clients and prospective clients with information about Northwest Advisors, Inc. and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client.

The contents of this brochure have not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal governmental authority. While the firm and its associates may be notice filed and/or registered within a particular jurisdiction, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

Questions relative to the firm, its services, or this firm brochure may be made to the attention of our Chief Compliance Officer at (877) 300-3454. Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**The investment advisory services offered and any investment vehicles employed are (i) not deposits or other obligations of, nor are they guaranteed by, Northwest Savings Bank or its affiliates; (ii) are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency of the United States Government or by Northwest Savings Bank or its affiliates; and (iii) are subject to investment risks, including the possible loss of value. Further description with respect to investment strategies and/or portfolio holdings and their potential risks may be found in Item 6 of this brochure.**

## **Item 2 - Material Changes**

Northwest Advisors, Inc. amended its January 1, 2015 Form ADV Part 2A-Appendix 1 wrap fee investment program brochure due to an update to the firm's contact information (see Cover Page). As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (877) 300-3454 to request a copy at any time.

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**Important Note:** Throughout this document, Northwest Advisors, Inc. may be referred to by the following terms: “the firm,” “we,” “us,” or “our.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

## **Item 4 – Services, Fees and Compensation**

### **Description of Our Advisory Firm**

Northwest Advisors, Inc. has been incorporated and domiciled in the Commonwealth of Pennsylvania since 2011. The firm is an affiliate of Northwest Savings Bank, a state-chartered savings institution, and is indirectly owned by publically-traded Northwest Bancshares, Inc., a federally-chartered savings and loan holding company headquartered in Warren, Pennsylvania.

Our advisory firm had been previously registered with the Commonwealth of Pennsylvania in 2011, and became registered with the SEC in 2013. Our firm and its associates may notice-file, register or meet certain exemptions in other jurisdictions in which we conduct investment advisory business.

As of December 31, 2014, Northwest Advisors, Inc. had approximately \$353.9 million<sup>1</sup> of client assets under its management; over \$339 million on a discretionary basis and more than \$14.8 million under non-discretionary agreements.

### **Description of Services Offered**

Our investment management program is designed to offer clients the opportunity to obtain professional portfolio management services through various institutional money managers and their investment strategies, in addition to our own analysts, as well as brokerage services in support of the account, for an all-inclusive asset-based fee that is based upon a percentage of client's assets under management.

Brokerage services are provided through the institutional services division of National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity"), a FINRA and SIPC member.<sup>2</sup> Fidelity offers to independent investment advisors various services which may include custody of securities, trade execution, clearance and settlement of transactions, and in which our firm receives benefits from Fidelity through our participation in their program offerings. Information involving our operational relationship with Fidelity is further described in Item 9 of this brochure.

### ***Getting Started***

To begin, a complimentary interview is provided by a qualified representative of our firm to determine the scope of services for your engagement. During or prior to your first meeting we will provide you with our current wrap fee investment program brochure, separate privacy policy statement, as well as a brochure supplement with information about the investment advisor representative who will be assisting you. Should you wish to engage our firm, we must enter into a written agreement, thereafter discussion and analysis will be conducted to determine your current holdings, financial need, goals, etc. We may also request current copies of the following documents to assist in our review:

- Wills, codicils and trusts
- Recent tax returns
- Current financial statements, including W2's or 1099s
- Information on existing retirement plans

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<sup>1</sup> The term "assets under management" and rounding are per the SEC's 2010 *General Instructions for Part 2 of Form ADV*.

<sup>2</sup> Our firm is not, nor required to be, a FINRA or SIPC member. Information about the Financial Industry Regulatory Authority (FINRA) may be found at: [www.finra.org](http://www.finra.org). You may learn more about the Securities Investor Protection Corporation (SIPC) and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

- Statements reflecting current investments
- Completed risk profile questionnaires or other forms provided by our firm

It is important that any information or financial statements you provide are accurate. We may, but are not obligated to, verify the information you have provided which will then be used during our investment management process.

### ***Developing Your Portfolio***

A general overview of the investment strategies and types of investments that may be recommended to you are found in the following paragraphs as well as Item 6 of this brochure. You will retain discretion over your choice of investment models and are free to reject our recommendation of entering into an investment program altogether. The individual securities held within an investment model are, however, at the discretion of the portfolio manager.

Whenever practical, we will assist you in preparing an investment policy statement (IPS) or similar document reflecting your investment objectives, time horizon, tolerance for risk, as well as any reasonable constraints you may have for your account. Your IPS will be designed to be specific enough to provide future guidance while concurrently allowing flexibility to respond to changing market conditions. Since the IPS will to a large extent be a product of information and data you have provided, you will be responsible for reviewing and providing final approval of the document. Please note that any restriction you may place on the management of your account may have an effect on the strategy, investment vehicle selection and, potentially, the investment results within your portfolio. Further, it remains your responsibility to promptly notify us if there is any change in your financial situation or investment objectives for the purpose of our reviewing, evaluating or revising previous recommendations.

### ***Portfolios Models***

#### ***Northwest Core Strategy Models***

Our Northwest Core and Core Enhanced Model portfolios employ a “Core + Satellite” investment strategy (defined in Item 6) that has been developed by our own financial analyst staff under the guidance of our investment committee. Both models employ a similar strategy but Core Enhanced portfolios have a broader allocation of alternative investments that may serve as a counter-balance during various market cycles (discussed in further detail in Item 6).

**Fixed Income (65-100% Bonds/0-20% Alternative Investments/0-10% Cash):** This portfolio seeks income through investing in a portfolio of fixed income and money market securities. This portfolio may be appropriate for investors who require a consistent level of income from their investments and can withstand moderate fluctuations in market value.

**Conservative (10-30% Stocks/50-80% Bonds/0-20% Alternative Investments/0-10% Cash):** This portfolio seeks income and modest capital appreciation through investing in a portfolio of fixed income, equity and alternative investment securities. The portfolio’s investments focus on fixed income securities. This portfolio is designed for investors who are either very conservative or require a significant level of income from their investments. They want low volatility and a low probability of substantial capital losses.

**Moderate (30-50% Stocks/40-70% Bond/0-25% Alternative Investments/0-10% Cash):** This portfolio seeks to provide income and capital appreciation through investing in a diversified portfolio of fixed income, equity and alternative investment securities. The portfolio pursues current income through a variety of fixed income securities and capital growth through equity and alternative investments.

This portfolio may be suitable for investors who place value on a significant and relatively stable income stream with a secondary requirement for wealth enhancement.

**Moderate-Balanced (40-60% Stocks/30-60% Bond/0-25% Alternative Investments/0-10% Cash):** This portfolio seeks to provide income and capital appreciation through investing in a diversified portfolio of fixed income, equity and alternative investment securities. The portfolio pursues balance between current income through a variety of fixed income securities and capital growth through equity and alternative investments.

**Balanced (50-70% Stocks/20-50% Bonds/0-25% Alternative Investments/0-10% Cash):** This portfolio seeks to provide long-term capital growth with a modest level of current income through investing in a diversified portfolio of equity, alternative and fixed income securities. This portfolio is designed for investors who want the potential for capital appreciation and some growth and who can withstand moderate fluctuations in market value.

**Balanced-Growth (60-80% Stocks/10-40% Bond/0-25% Alternative Investments/0-10% Cash):** This portfolio seeks to provide an emphasis on long-term capital growth with a lesser level of current income through investing in a diversified portfolio of equity, alternative and fixed income securities. This portfolio may be suitable for investors who want the potential for capital appreciation and some growth and who can withstand fluctuations in market value.

**Growth (70-90% Stocks/0-30% Bonds/0-10% Cash/0-30% Alternative Investments):** This portfolio seeks to provide long-term growth of capital through a portfolio of domestic and international securities as well as alternative investments. Income is a secondary consideration. This portfolio may be appropriate for investors who have a preference for growth and who can withstand potentially significant fluctuations in market value.

**Aggressive (80-100% Stocks/0-15% Bonds/0-30% Alternative Investments/0-10% Cash):** This portfolio seeks to provide long-term growth of capital through a portfolio of domestic and international securities as well as alternative investments. Equity securities providing growth of capital will be the emphasis in this portfolio. This portfolio is designed for growth-oriented investors willing to assume relatively high risk for potentially greater returns. This investor should have a long time horizon and be able to withstand inevitable market fluctuations.

#### *Dimensional Fund Advisors - Efficient Frontier Series*

Our firm engages Dimensional Fund Advisors (Austin, TX) for its Efficient Frontier Series of funds. These portfolios adhere to Modern Portfolio Theory (see Item 6) and are focused on reducing risk by diversification among various asset classes. The models include:

**0/100% Portfolio** – This portfolio provides investors with a conservative and consistent stream of income. The investor remains diversified by investing in asset classes comprised of government and corporate bonds of various quality, geographical region and maturity terms.

**20/80% Portfolio** – This portfolio provides investors with an opportunity to build wealth through a conservative risk managed approach. With 80% of the portfolio invested in fixed income assets, exposure to the stock market is limited and bond markets provide a consistent stream of income for the investor. To keep pace with inflation, the portfolio invests 20% into the stock market which slightly raises growth potential.

**40/60% Portfolio** – This portfolio provides a balanced investment approach with a touch of conservative emphasis. The portfolio has a healthy exposure to the stock market, with 40% of its assets diversified throughout the stock market, however, this exposure is moderated by a strong bond presence. With 60% of portfolio assets in bond markets, the investor can receive a consistent stream of income and some protection from a downward trending stock market.

**50/50% Portfolio** – This portfolio aims to provide a balance between capital preservation and capital appreciation. With a 50/50% exposure to equity and fixed income, the portfolio is designed for those who are most comfortable with a balanced approach and have an average tolerance for investment fluctuations.

**60/40% Portfolio** – This portfolio provides a fairly balanced investment approach with an emphasis on growth. The portfolio is more resistant to inflation with an increased potential for growth. Its 40% bond presence provides income to the investor, as well as potential market downturn protection.

**70/30% Portfolio** – The 70/30% Portfolio provides a sizeable exposure to the stock market with a more aggressive approach toward increasing growth. There is a small exposure to fixed income providing limited income generation and downside protection.

**80/20% Portfolio** – This portfolio provides almost complete exposure to the stock market with an aggressive approach toward increasing growth. A small bond presence is maintained but income generation and downturn protection is limited.

**100/0% Portfolio** – This portfolio is the most aggressive portfolio and offers full exposure to the stock market. The 100/0% Portfolio is also diversified between domestic and international stocks, with no exposure to the bond market.

#### Customized Portfolio Services

In limited situations, and only when an account requires unique customization, our firm will provide investment supervisory services via select advisory staff under a discretionary agreement. The customized portfolio engagement may include:

- Risk tolerance determination
- Investment strategy
- Investment policy statement development
- Asset allocation and selection
- Regular monitoring
- Periodic rebalancing

## Wrap Fees Assessed

### **Asset-Based Fee**

#### **Northwest Core & Core Enhanced Strategies**

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
\$10,000 - \$1,000,000*	1.25% or 125 Basis Points*
If \$1,000,000+, then the first \$1,000,000	1.00% or 100 Basis Points
\$1,000,001 - \$2,000,000	0.85% or 85 Basis Points
\$2,000,001 - \$3,000,000	0.75% or 75 Basis Points
\$3,000,001 - \$5,000,000	0.60% or 60 Basis Points
\$5,000,001 - \$10,000,000	0.50% or 50 Basis Points
\$10,000,000 & above	Negotiable

\*Annualized fees for fixed income models is 0.70% (70 basis points) on the first \$1 million and 0.60% (60 basis points) on account values above \$1 million.

#### **Efficient Frontier Series**

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
\$50,000 - \$1,000,000	1.50% or 150 Basis Points
\$1,000,001 - \$2,000,000	1.20% or 120 Basis Points
\$2,000,001 - \$3,000,000	1.10% or 110 Basis Points
\$3,000,001 - Above	0.70% or 70 Basis Points

Fees will be *banded* up to \$1,000,000 of assets under management (i.e., total dollar amount will determine the fee charged). For assets over \$1,000,000, the fees will be *tiered* (i.e., first \$ 1,000,000 will be charged at the 100 basis points ("bps") level for the Northwest Core Strategy and 150 bps for the Efficient Frontier Series, while the next million will be charged at the next band).

#### Northwest Core Examples

Account 1: \$85,000 would be charged at 125 bps,

Account 2: \$115,000 would be charged at 125 bps, and

Account 3: \$1,200,000 would be charged at 100bp for the first million; 85 bps for the remaining \$200,000.

#### Efficient Frontier Series Examples

Account 1: \$85,000 would be charged at 150 bps,

Account 2: \$115,000 would be charged at 150 bps, and

Account 3: \$1,200,000 would be charged at 150bp for the first million; 120 bps for the remaining \$200,000.

#### Customized Portfolio Services

Customized portfolio services accounts will be assessed the same annualized asset-based fee as stated in the *Northwest Core Strategy Series*. Please see the correlating fee table above.

#### **Discounting Advisory Fees**

For the benefit of discounting your asset-based fee and when applicable, we may aggregate accounts for the same individual or two or more accounts within the same family, or accounts where a family member has power of attorney over another family member's or incompetent person's account. Should investment objectives be substantially different for any two or more household accounts, requiring different investment approaches or operational requirements, we do reserve the right to apply our fee schedule



separately to each account. In instances where the client is an employee Northwest Savings Bank or their family member, a portion of the fee payable to the firm may be decreased. As a result, a lower fee may be charged than might otherwise be the case.

Fees assessed are negotiable at the discretion of the Chief Compliance Officer of Northwest Advisors, Inc.

### ***Fee Payment***

Fees are based on the market value of account assets, including accrued interest on investment income, as of the last business day of the previous quarter. Such account values are disclosed on the statement the client receives from the custodian of record for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, we may seek a third-party opinion from a recognized industry source (e.g., public accounting firm), and you may choose to separately seek such an opinion as to the valuation of "hard-to-price" securities if necessary.

Fees are due quarterly, in advance; generally within the first 15 days of each billing cycle. The wrap program fee is charged at inception of the account and on a prorated basis to reflect the number of days remaining in the calendar quarter. All fees deducted will be clearly noted on account statements that you will receive directly from the custodian of record. Please note that you share in the responsibility to verify the accuracy of fee calculations; the custodian may not verify the accuracy for you.

By signing our firm's engagement agreement, as well as the selected custodian account opening documents, you will be authorizing the withdrawal of advisory fees from your account. The withdrawal of these fees will be accomplished by the custodian of record, not by our firm, and the custodian will remit our fees to our firm. In limited situations, and with client prior approval, we will "direct bill" for our advisory services.

### ***Account Additions and Withdrawals***

Efficient Frontier Series portfolio accounts requiring periodic withdrawals will be accomplished by taking the distribution from your money market position (if there is one) or in order, from the smallest percentage holdings up to the largest, until the required distribution amount is realized. For all other portfolio model as well as our customized accounts, distributions will be accomplished across all asset classes. You may also request that the unscheduled distribution be raised from another associated account maintained by our advisory firm. Unscheduled additions will go into your money market account until the next scheduled rebalancing. We will recalculate the client's asset-based fee on a monthly basis for any additions and withdrawals of \$10,000 or more that may occur during each quarterly cycle.

### ***Termination***

Either you or we may terminate the agreement at any time, which is required to be in writing. Should you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute. Following a termination notice, it will be yours or your legal representative's responsibility to ensure an account transfer from our firm is completed of any portfolio, account or account residual to the receiving service provider. Our firm will not be responsible for future investment advice, allocations, or transactional services (except closing transactions) upon receipt of termination notice.

If our wrap fee investment program brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract, then you have the right to terminate the engagement without penalty within five business days after entering into the agreement. Should you terminate the engagement after this period, you will typically be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of our firm's receipt of written notice of termination, or (ii) all other accounts, the last billing period to the date of our firm's receipt of written notice of termination.

### Services Purchased Separately

The total costs associated with the wrap fee investment program account may be more or less than separately purchasing brokerage and advisory services (unbundled services). The factors that bear upon the relative costs include the number of and timing of transactions, referral fees (if any), portfolio management, custody fees, regulatory compliance and administrative charges, research costs, and promotional materials. These and other factors may affect the cost of separately obtaining these services.

### Additional Client Fees

There are no sales loads, brokerage commissions, mark-ups, mark-downs assessed, or spreads paid to market makers. You may incur certain separate charges imposed by our custodian such as: transfer fees and taxes, wire transfer and electronic fund fees, retirement plan custodial or account termination fees, in addition to certain taxes on non-retirement brokerage accounts which will be described in the custodian's fee schedule that we will provide to you prior to account inception.

### Compensation Matters

As with most financial services offerings, Northwest Advisors, Inc., and an appropriately registered associate will receive a portion of the fee for recommending and servicing the account, whether through advisory fees earned, salary or periodic bonus, in addition to firm personnel serving as portfolio manager. Therefore, the firm and/or associate recommending the wrap fee investment program to you may receive direct or indirect compensation as a result of your participation in the program. Depending on the investment manager selected, the amount of compensation the firm (not the associate) receives may potentially be more than what would be received if you participated in other investment programs offered by our firm or paid separately for investment advice, brokerage, and/or other financial services the organization as a whole may offer. Prospective clients should therefore compare costs between this particular program and others to make a final determination.

### General Information

#### ***Custody***

Your investment advisory account assets will be maintained by Fidelity. They are not physically held by our firm or any of our associates. Further, our internal control policies require that we:

- Restrict the firm and associates from acting as trustee for or having general power of attorney over a client account;
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect fees of \$1,200 or more for services to be performed six months or more in advance;
- Prohibit our advisory firm or an associate from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have "constructive custody" of your

assets since we may request the withdrawal of advisory fees from an account, we will only do so through the engagement of a qualified, independent custodian maintaining your portfolio assets and per your prior written approval; and

- Will not authorize an associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent, if such access would allow physical control over account assets.

As previously noted, Northwest Advisors, Inc. is an affiliate of Northwest Savings Bank. Our advisory firm management and associated personnel do not serve in a banking capacity; we remain operationally independent of banking operations. We do not have control over or access to other client assets that may be maintained at our bank or trust department affiliates. In addition, internal control assessments are periodically made to ensure such separation is consistently maintained.

### ***Firm Services***

We do not provide financial planning services under this engagement, nor do we offer investment supervisory services where your fee is "unbundled" (e.g., advisory fees and brokerage transaction costs are separately assessed). We are not engaged for legal or accounting services, however, we may work with your attorney or accountant to assist with the coordination or implementation of accepted strategies. You should be aware that these other professional services providers will charge you separately for their engagement, which will be in addition to our advisory fee.

Our firm will use its best judgment and good faith effort in rendering its services. Northwest Advisors, Inc. cannot warrant or guarantee any particular level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results. Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith and, therefore, nothing contained in this document or an engagement agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

## **Item 5 – Account Requirements and Types of Clients**

### **Account Requirements**

#### ***Minimum Account Requirements***

There is a minimum account size of \$50,000 for Efficient Frontier Series portfolios and \$10,000 account minimum for Northwest Core and Core Enhanced models or any customized portfolios.

#### ***Account Opening Process***

Participation in the program is initiated by submitting the following completed documents to the firm, typically through an investment advisor representative of Northwest Advisors, Inc.

- Investment Management Agreement
- Custodian Account Application
- Investment Questionnaire (if required)

Based on these completed documents, the investment advisor representative assisting you will make the initial determination as to the client's suitability for the wrap fee investment program. The firm also makes an assessment of whether to establish an account for a particular client that includes ensuring the appropriate documentation, risk tolerance and asset allocation are made.

The custodian for the account will be Fidelity, and they will execute and clear all purchase and sale orders as directed to them. Fidelity will maintain wrap fee investment program account assets and will provide other custodial functions, including crediting of interest and dividends on accounts, crediting of principal on called or matured securities, and other customary functions. Fidelity will also forward a confirmation of each purchase and sale directly to the client and Northwest Advisors, Inc.

As custodian, Fidelity also serves as general administrator of our clients' accounts, which includes collecting advisory fees, processing deposits to and withdrawals from wrap fee program accounts, delivering client account statements to the client's address of record, etc. Fidelity will forward account statement to our clients for each period in which account activity occurs, and at least quarterly regardless of account activity.

#### Types of Clients Served by the Firm

Our firm in general provides its advisory services to individual investors, trusts, estates, charitable organizations and foundations, and businesses of various scale. Our ability to provide our services depends on access to important information. Accordingly, it is necessary that you provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds, income levels, your (or your legal agent's) authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our investment strategy for you.

It is also very important that you keep us informed on significant changes that may call for an update to your investment plan. Events such as changes involving employment or marital status, a windfall, or the purchase or sale of a home or business can have a large impact on your circumstances and needs. We need to be aware of such events, so we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

#### Types of Clients Served within the Program

We offer our wrap fee investment program to individual investors, trusts, estates, foundations and charitable organizations, as well as businesses that have met the minimum level of investable assets. We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, or pre-existing relationships. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

### **Item 6 – Portfolio Manager Selection and Evaluation**

#### Selection and Review of Portfolio Managers

We will ensure due diligence is completed on each recommended investment manager to include determining whether the investment manager is registered/notice-filed (or required to be) within the jurisdiction the client is domiciled. At least annually our due diligence review will be performed from both a compliance and performance perspective to determine that the selected investment manager remains an appropriate fit.

We also review each investment manager's performance over an extended period of time and on a continuing basis, as well as at least quarterly to discuss any potential concerns or recommended changes to the program's investment managers. The firm will be responsible for determining if an investment manager should be replaced due to poor performance, regulatory or compliance matters, etc.

The benchmarks for account performance are based on each client's responses to firm suitability information and their IPS. Using these responses, the firm is able to select an investment manager felt capable to employ an appropriate investment strategy as well as develop a diversified portfolio using this strategy. Northwest Advisors, Inc. maintains current client profiles and will recommend adjustments to portfolios accordingly.

Clients will receive account statements each quarter from their custodian of record. The client may also receive performance reports that may be prepared by Northwest Advisors, Inc. as well as any other selected investment manager. The firm does not validate a report provided by an external portfolio manager to an advisory client and cannot attest as to whether they are calculated on a uniform and consistent basis. Should our firm produce its own performance reports, they will be calculated using a time-weighted methodology, and these are reviewed for accuracy by firm compliance personnel prior to delivery. The reports are intended to inform clients about their investment performance over the current period as well as over the longer term since the account's inception; both on an absolute basis and as compared to a known benchmark.

#### Related Persons Serving as Portfolio Manager

When the wrap fee program portfolio manager is an analyst associated with Northwest Advisors, Inc., a potential conflict of interest exists since the associate and firm may both benefit from a greater percentage of the advisory fee by not outsourcing the investment management aspect of the wrap fee program to another advisor. In light of this material matter, the firm will ensure it utilizes the same due diligence and account management selection or termination criteria for its own portfolio manager that it would had an external source been engaged; in addition to further scrutiny to ensure appropriate portfolio selection, fees and other compensation meet within the account investment policy statement, firm procedures and regulatory guidelines.

#### Advisory Services Offered within Wrap Fee Program

Please refer to *Description of Services Offered* in Item 4 for details involving the types of advisory services we provide within our wrap fee program. Note that we do not offer financial planning services under our wrap fee program. Our investment strategy and the types of investments employed are noted within Item 4 and following paragraphs/sections. Please refer to Item 4 involving restrictions you may request for your portfolio.

#### Performance-Based Fees and Side-By-Side Management

Our firm's fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Northwest Advisors, Inc. does not use a performance-based fee structure because of the potential conflict of interest this type of fee structure may pose. Performance-based compensation may create an incentive for a firm to recommend an investment that may carry a higher degree of risk to a client.

Side-by-side management refers to a firm simultaneously managing accounts that do pay performance based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, is also not applicable to our firm's practices.

## Voting Client Securities

Northwest Advisors, Inc. does not vote client proxies nor do we offer guidance on the voting of proxies, to include those accounts our advisory firm may serve on a discretionary basis. However, wrap fee investment accounts may have proxy voting executed by an external portfolio manager or another qualified industry entity they have selected. It is important for you to ask your investment advisor representative to determine proxy voting policies of each investment manager. You may also obtain copies of their written proxy voting policies and procedures, as well as information on how proxies were voted for an account by requesting such information directly from the outside investment manager. They will not disclose proxy votes to other clients or third parties unless specifically requested, in writing, by you or your legal representative.

Should the portfolio manager not engage in proxy voting, you will be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by you in your account shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to your investment assets.

Our firm will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. Further, we do not offer guidance on these matters either. A portfolio manager may take action with regard to matters involving corporate actions. You should review their level authority involving a claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held in your wrap fee account.

You may receive proxies or other solicitations directly from your custodian or transfer agent. If Northwest Advisors, Inc. receives correspondence relating to the voting of client securities, class action litigation, or other corporate actions, the firm will typically forward the correspondence to client address of record or return it to its originator.

## Methods of Analysis, Investment Strategies and Risk of Loss

### ***Method of Analysis***

We will take into consideration your current financial situation, needs, goals, objectives and tolerance for risk. Asset allocation and investment decisions are made in the firm's judgment to meet your investment objectives while attempting to minimize exposure to risk.

Northwest Advisors, Inc. employs what we believe to be an appropriate blend of fundamental, technical, and cyclical analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

By combining these analyses and research generally drawn from professional outside sources, the firm believes it may better assist its client in determining the appropriate strategy that has been adapted to their specific requirements and goals.

## ***Investment Strategies***

Each portfolio will involve one or more strategies employed by your selected portfolio manager(s) who Northwest Advisors, Inc. believes best support that particular investment model. Generally, these will fall into one of three strategies: Core + Satellite, Modern Portfolio Theory, and Active Asset Management.

### ***Core + Satellite***

This strategy blends passive (or index) and active investing; where passive investments are used as the basis or “core” of a portfolio and actively-managed investments are added as “satellite” positions. With this strategy, the portfolio core holdings are indexed to potentially more efficient asset classes; while outlying selections are generally limited to active managers that are attempting to outperform a particular category, or a selection of particular positions to increase core diversification, or to improve portfolio performance.

For example, the core of a portfolio may be built with low-cost index funds or exchange traded funds (ETFs); satellite holdings would include active investment managers with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle. The core may represent the majority of the total portfolio, using primarily index funds or index-based ETFs. The remainder of the portfolio may then employ mutual funds or ETFs that take a shorter duration to assist in the over-or-under allocation to specific sectors, regions, assets classes, etc.

### ***Modern Portfolio Theory***

Modern Portfolio Theory states that by employing securities whose price movements have historically low correlations, it is possible to create an efficient portfolio that can offer the highest expected return for a given level of risk, or one with the lowest level of risk for a given expected return. The practice of Modern Portfolio Theory does not employ market timing or stock selection methods of investing but rather a long term, buy-and-hold strategy with periodic rebalancing of the account to maintain desired risk levels.

### ***Active Asset Management***

A portfolio manager engaging in an active asset management strategy believes it is possible to create a profit from identifying or leveraging mispriced securities and producing returns greater than a stated benchmark, such as a well-known index. For example, a “large cap stock” fund manager might attempt to outperform the Standard & Poor's 500 Index by purchasing underpriced stocks or derivative instruments representing these positions.

## ***Risk of Loss***

Investing in securities involves risk of loss that an investor must be prepared to bear. While we believe our recommendations are designed to produce an appropriate return for a given level of risk, we cannot guarantee that an investment objective or planning goal will be achieved. The various risks involved in the investment of account assets may include market risk, company risks, among others. We encourage you to review both the strategies and their potential risks of any investment manager or strategy selected. In general, certain types of risks that may be involved are noted, and they are in no order of precedence:

### ***Active Management Strategies***

Should your portfolio employ active management strategies, it may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover” within an account.

This may result in shorter holding periods, higher transactional costs and/or taxable events that will be borne by the client, thereby potentially reducing or negating certain benefits that may be derived by shorter term investing.

#### Alternative Investments

Strategies involving alternative investments generally include those which do not fall into equity, fixed income or cash equivalents. Such investments would include “real assets” such as real estate and commodities, and alternative strategies such as absolute return strategies and various other hedge fund strategies: global macro, managed futures, long/short equity, multi-strategy, event driven, private equity, etc. The goal of these alternative strategies is to provide for diversification in order to lower portfolio volatility and enhance long-term returns. The alternative investments we recommend are managed through ETFs or exchange-traded notes (ETNs); they are not individual holdings. The potential risks involving these underlying investments are described in this as well as the following risk sections.

#### Company Risk

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic or non-systemic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

#### Core + Satellite Strategies

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” or “tracking error risk,” which might be defined as a deviation from the stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index ETF that may not as closely align the stated benchmark. In these instances, the firm may choose to reduce the weighting of a satellite holding; utilize very active satellites, or use a “replicate index” ETF as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

#### Cyclical Analysis

An economic cycle may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

#### Equity (Stock) Market Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer (or they are held within a mutual fund or ETF), they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

#### Firm Research

When a firm’s research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, the firm and/or its selected outsourced providers are relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves.



The firm makes every effort to determine the accuracy of the information received but it cannot foretell events or actions taken or not taken, or the validity of all information it has researched or provided which may or may not affect the advice to or investment management of an account.

#### *Fundamental Analysis*

The challenge involving fundamental analyses is the fact that the information we may obtain may be incorrect. The analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

#### *Management Risk*

An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy does not produce expected returns, the value of the investment will decrease.

#### *Market Risk*

Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This may also be referred to as systemic risk.

#### *Passive Markets Theory*

If your portfolio employs a passive, efficient markets approach, often associated with Modern Portfolio Theory, you will need to consider the potential risk that at times your broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the "expected return" is generally low under normal market conditions if the portfolio is made up of diverse, low or non-correlated assets.

#### *Socially Conscious Investing*

If you require your portfolio to be allocated among socially conscious assets, you should note that investments of this type may be limited and because of this limitation you may not be able to be as well-diversified among various asset classes. The number of publicly-traded companies that meet socially conscious investment parameters may also be limited and, due to this limitation, there is a probability of similarity of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio and it may become more volatile than a fully diversified portfolio.

#### *Technical Analysis*

The risk of investing based on technical analyses is that it may not consistently predict future price movements; the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired.

#### ***Security Specific Material Risks***

##### *ETF/ETNs and Mutual Fund Risk*

The risk of ETFs/ETNs and mutual funds, like most pooled investments, generally reflect the risks of owning their underlying securities.

In addition, when an investor purchases an ETF/ETN or mutual fund they may bear additional expenses based on its prorated share of operating expense and certain brokerage fees which may include the potential duplication of certain fees.

### Fixed Income Risks

Various forms of fixed income, such as bonds, money markets, certificates of deposit, may be affected by various forms of risk, to include:

**Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in interest rates, or rates fall when maturing bonds are paid off prior to maturity (requiring reinvestment at a lower yield).

**Liquidity Risk** - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers is liquidity risk. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high there is also a risk of not being able to purchase a particular issue.

**Credit Risk** - The potential risk that an issuer will be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF/ETN share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

**Reinvestment Risk** – With declining interest rates investors may have to reinvest interest income or principal at the current lower rate.

**Duration Risk** - Duration is the measurement in years of the period required for the price of a bond to be repaid by its internal cash flow and is important since bonds with higher durations carry more (duration) risk and have higher price volatility than bonds with lower durations.

### Hedge Funds

Many hedge funds are structured as private placements; relying on Regulation D (Rule 506) offering rules which generally requires investors to be "accredited" and many hedge funds have other additional requirements. More recently, hedge funds have been offered to a wider public as a "fund-of-funds" hedge fund. Hedge funds have a broad range of underlying strategies and holdings, and may not be as transparent or have the same level of liquidity as other more commonly known investments. They may also have higher management fees and/or operating expenses.

### Index Investing

You will need to keep in mind that investment vehicles such as certain ETFs and indexed funds have the potential to be affected by "tracking error risk;" earlier described as a deviation from a stated benchmark (index).

### Managed Futures Accounts

Managed futures accounts are alternative investments that employ long and short positions in futures contracts, forwards and options to provide portfolio diversification among various types of investment styles and asset classes in an effort to moderate portfolio risk. Managed futures accounts allow investors to leverage their investment with the use of notional funding, which allows an investor to put up only a portion of the required minimum investment but trade at a higher level. This may result in larger earnings or losses, as well as higher management fees, relative to the actual amount invested.

### QDI Ratios

While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio) may be considered “non-qualified” under certain tax code provisions, therefore, the holding’s QDI should be considered if tax-efficiency is an important aspect of the client’s portfolio.

### Private Equity

Investments in private equity often involve investment of capital into or the acquisition of an operating business enterprise; capital frequently coming from institutional investors. There are a broad range of private equity types and they generally fall into categories such as: (i) leveraged buyouts, (ii) growth capital, (iii) distressed debt or turnaround strategies, (iv) mezzanine capital, (v) secondaries, and (vi) venture capital. In general, private equity investing is often offered directly to qualified investors as well as through fund-of-funds structures. While such holdings may generate above average returns for an investor, they typically are less transparent, less liquid and may involve greater risk, and they typically have a higher fee structure than traditional investments.

### Real Estate Investment Trusts

Risks involved in REIT investing may include (i) following the sale or distribution of assets an investor may receive less than their principal invested, (ii) a lack of a public market in certain issues, (iii) limited liquidity and transferability, (iv) fluctuations involving the value of the assets within the REIT, (v) a reliance on the investment manager to select and manage assets, (vi) changes in interest rates, laws, operating expenses, and insurance costs, (vii) tenant turnover, and (viii) the impact of current market conditions.

## **Item 7 – Client Information Provided to Portfolio Managers**

### Information Provided to Portfolio Managers

We will gather information from you about your financial situation, investment objectives, and any reasonable restrictions you may want to impose on the management of the account. For example, a client may prefer to avoid or require certain types of holdings (e.g., “sin stocks,” international or small cap stocks, etc.) in their account. We will then communicate these restrictions to the portfolio manager handling your account.

We want to note that it will remain your responsibility to promptly notify us if there is any change in your financial situation and/or investment objectives for the purpose of our reviewing, evaluating or revising previous account restrictions or firm investment recommendations. Clients are also reminded that restricting investment to particular assets or asset classes may minimize diversification and potentially increase portfolio volatility.

Please refer to Item 9 (*Additional Information: Review of Accounts*) about how we review your accounts, as well as how often we may provide you with wrap fee investment program information.

#### Privacy Policy Statement

A copy of our privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of an engagement agreement. The firm will notify its clients annually of its privacy policy and at any time, in advance, if its privacy policy is expected to change.

#### Discretionary Account Management

Wrap fee investment program accounts will be managed on a *discretionary basis* (authority). We do not offer non-discretionary account agreements. Similar to a limited power of attorney, discretionary authority allows the firm and/or selected external portfolio investment manager to implement investment decisions, such as the purchase or sale of a security on behalf of your account, without requiring your prior authorization for each transaction in order to meet stated portfolio investment objectives. This authority will be granted through your execution of both our engagement agreement and the custodian of record's account opening documents. Note that the custodian of record will specifically limit our firm's authority within your account to the placement of trade orders and the request for the deduction of our advisory fees.

#### **Item 8 – Client Contact with Portfolio Managers**

In certain instances, you may be able to attend general communications sessions offered by a portfolio manager as well communicate with the various investment managers serving your account. When desiring to communicate with an investment manager, we would ask that you allow our firm to serve as coordinator so that we may effectively assist both parties and follow up as necessary.

#### **Item 9 – Additional Information**

##### Disciplinary Information

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business to the public or the firm's integrity.

##### Other Financial Industry Activities and Affiliations

The firm's policies require it and its personnel to conduct business activities in a manner that avoids or mitigates conflicts of interest between the firm, employees and its clients, or that may otherwise be contrary to law. We will provide disclosure to our clients prior to and throughout the term of an engagement of any conflicts of interest which will or may reasonably compromise its impartiality or independence.

As earlier described, Northwest Advisors, Inc. is an affiliate of Northwest Savings Bank and is indirectly owned by Northwest Bancshares, Inc., a federally-chartered savings and loan holding company. Northwest Savings Bank or Northwest Bancshares, Inc. own and/or operate the following entities or departments which may be considered affiliates of our advisory firm.

- Northwest Consumer Discount Company - Pennsylvania consumer finance company
- Northwest Investment & Trust Services - Trust and retirement services department

- Northwest Retirement Services - Employee benefit services department
- Northwest Investment Services - Financial services department
- Northwest Insurance Services - Multi-product insurance agency
- Northwest Oil and Gas Lease Planning & Management - Royalties and revenue management services
- Integrated Financial Services, Inc. - Division of Northwest Insurance Services

In order to offer a wide range of products and services, associates of our advisory firm may also be registered representatives of Cetera Investment Services LLC and would offer brokerage services under the business name of Northwest Investment Services, a separately identifiable department of Northwest Savings Bank. In addition, associates may also serve in the capacity of licensed insurance agents offering annuities, life, health or long term care insurance through various unaffiliated insurance companies via an insurance agency of Northwest Savings Bank. Therefore an associate may serve a client in one or more capacities, whether as an investment advisor representative offering investment advisory services, registered representative offering brokerage services, or as a licensed insurance agent. Our associates are required to disclose, in advance of the transaction or service, the capacity in which they are serving a client, to include the potential or actual conflict of interest the role or service to be provided may incur. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second distinctive tied product or service. Although the firm or its parent organization may receive aggregated compensation from any of these offerings, associates are compensated on a salary (i.e., non-commissioned) basis.

Neither the firm nor its management is registered or has an application pending to register as a National Futures Association (NFA) introducing broker, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. In addition, none of our advisory associates may be dually-registered with two or more broker/dealers.

Northwest Advisors, Inc. and its management do not maintain material relationships with any of the following types of entities:

- accountant or accounting firm
- another financial planning firm or municipal advisor
- lawyer or law firm
- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)

Upon your request, you may be provided a referral to various professionals, such as an accountant or an attorney. While these referrals are based on the best information made available, the firm does not guarantee the quality or adequacy of the work provided by these referred professionals. There is not an agreement with these entities nor is there compensation received from these professionals for such informal referrals. Any fees charged by these other entities for their professional services are separate from advisory fees assessed by our firm.

### ***Recommendation or Selection of Other Investment Advisers and Conflicts of Interest***

In addition to our own analysts, we engage a select group of unaffiliated institutional investment managers for our wrap fee investment program to serve as portfolio managers. These entities are required to be registered as investment advisors, and they share in a portion of the overall wrap program advisory fee assessed to an account via the custodian of record for their services (see Item 4). Beyond their reputation and investment expertise, there are no other incentives they offer our firm that require disclosure.

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

Northwest Advisors, Inc. believes that its business methodologies, ethics rules and adopted policies are appropriate to avoid or at least minimize potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. Clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. Our firm will disclose to its advisory clients or prospective clients of material conflict of interest relating to the firm, its affiliates or associates which could reasonably be expected to impair the rendering of unbiased and objective advice.

### ***Code of Ethics***

The firm has adopted a Code of Ethics that sets forth the policies of ethical conduct for all personnel and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulation but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. In addition to the Code of Ethics, the firm's policies include the prohibition against insider trading, circulation of rumors and certain political contribution activities.

The firm periodically reviews and amends its Code of Ethics to ensure currency, and all firm access persons are required no less than annually to attest to their understanding and adherence. Northwest Advisors, Inc. will provide a copy of its Code of Ethics to any client or prospective client upon request.

### ***Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest***

Neither the firm nor any *related person* (e.g., associates, immediate family, etc.) are authorized to recommend to a client, or effect a transaction for a client, involving any security in which the firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Employees are prohibited from taking or providing a loan from a client unless it is an approved financial institution.

Our firm, its affiliates and associates are able to provide a broad range of services to our clients, including investment services involving this wrap fee investment program, other offerings through our relationship with Cetera Investment Services LLC, as well as insurance offerings; our firm or a related person may be paid a fee or commission for some or all of these services. Due to our firm and its associate's ability to offer two or more of these services and possibly be compensated for each aspect of the engagement, a potential conflict of interest may exist. Therefore, we note that you are under no obligation to act on our recommendations and, if you elect to do so, you are under no obligation to complete all of them through our firm or one of our recommended and/or affiliated service providers.

### ***Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest***

The firm does not trade for its own account (e.g., proprietary trading). Related persons of the firm may buy or sell securities similar to those recommended to clients for their accounts. The firm may also make

recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees. However, at no time will the firm or any related party receive preferential treatment over its clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading (i.e., trading ahead of client's order, etc.), firm policy may require the utilization of published lists that restrict or prohibit transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the Chief Compliance Officer in advance of the transaction in any related person's account.

#### Review of Accounts

##### ***Schedule for Periodic Review of Client Accounts and Advisory Persons Involved***

We recommend your accounts be reviewed on a quarterly basis with your assigned investment advisor representative. Data and reviews will also be analyzed by firm supervisory personnel.

We are available to periodically review reports provided to you by your portfolio manager, and we will contact you at least annually to review your financial situation and objectives. We will communicate information to your portfolio manager as warranted and assist you in understanding and evaluating the services provided by that manager. In certain instances, you may be able to communicate with your selected portfolio manager.

##### ***Review of Client Accounts on Non-Periodic Basis***

You are free to contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, or other circumstances), or should you prefer to change requirements involving your account.

Additional reviews by your investment advisor representative and/or supervisory personnel may be triggered by news or research related to a specific investment manager, holding, a change in our view of the investment merits of a holding/investment manager, or news related to the macroeconomic climate affecting a sector or holding within that sector. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

We will then communicate information to your investment manager as warranted and in certain circumstances you may be able to communicate directly with the investment manager.

##### ***Content of Client Provided Reports and Frequency***

You will receive account statements sent directly from Fidelity. Northwest Advisors, Inc. will not create a separate statement for your account nor will we be the sole recipient of your account statements. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

You may also receive portfolio performance reports sent directly from your portfolio manager. If any performance reports are provided by our firm, they will be in prepared in accordance with appropriate jurisdictional guidance. Clients are urged to carefully review and compare account statements that they have received directly from Fidelity custodian with any performance report received from our advisory firm.

## Client Referrals and Other Compensation

### ***Economic Benefit from External Sources and Potential Conflicts of Interest***

#### Selection of Custodian

Fidelity will hold your assets in an account in your name and they will buy and sell securities when instructed. We do not technically open the account for you, although we assist you in doing so. If you do not wish to place your assets with Fidelity, then we are unable to manage your account under our wrap fee investment program.

We may receive an economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisors. For example, our firm participates in Fidelity's institutional advisor program and we also recommend Fidelity to our wrap fee investment program clients for custody and brokerage services involving their account(s). Fidelity's institutional platform services assist us in managing and administering clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

Fidelity's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us as long as our clients collectively maintain a total minimum asset level with Fidelity. Since our firm is above the required collective minimum asset level, Fidelity generally does not charge us separately for custody services but will be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing our firm with certain brokerage and research products and services that may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934. The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. We do not pay for Fidelity's services so long as our clients maintain assets in accounts at Fidelity. Beyond that these services are not contingent upon us committing any specific amount of business to Fidelity in trading commissions or assets in custody. Therefore it may appear that we may have an incentive to select or recommend Fidelity to serve as custodian based on our firm's interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. This is a potential conflict of interest but we believe our selection of Fidelity as custodian is in the best interests of our clients since our selection is primarily supported by the scope, quality, and price of



Fidelity's services; not Fidelity's services that benefit only our advisory firm. We periodically conduct an assessment of any service provider we recommend, including Fidelity, which may include a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

**Best Execution** - "Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the previous paragraph. We recognize our obligation in seeking best execution for our clients, however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined that having our client's account trades executed through Fidelity is consistent with our duty to seek best execution of your trades. We also periodically review policies regarding our recommending custodians to our clients in light of our duty to seek best execution.

**Directed Brokerage** - Due to the type of investment services we provide to your portfolio, we require you utilize the services of Fidelity for custody and brokerage services. We do not direct Fidelity to utilize a specific broker to execute trades for our firm's wrap fee accounts.

### **Trade Aggregation**

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked," "bunched" or "batched" orders. Aggregated orders are typically effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may but is not obligated to aggregate orders, and the firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or confirmation receipt method. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* In the event the firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include (in no particular order):

- when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weighting relative to other portfolios with similar mandates;
- allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts, such as that which might occur due to unforeseen changes in an account's assets after the order is placed;
- with respect to a sell allocation, allocations may be given to accounts low in cash;

- when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, an account may be excluded from the allocation and transactions may be executed on a *pro rata* basis among the remaining accounts; or
- when a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis, with an eye toward the “randomness” of the process (i.e., not always A-to-Z or vice versa, etc.).

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. You will be informed, in advance, should trading practices change at any point in the future.

**Trade Errors** - The firm corrects trade errors through an account maintained by its custodian of record, and the firm may be responsible for trading error losses that may occur within a client account. Should there be a gain following the correction of a trading error, the firm will typically credit the client’s account.

### ***Advisory Firm Payments for Client Referrals***

#### *Solicitor Engagements*

We do not engage in solicitation activities involving unregistered persons.

#### *Internal Referrals*

Our firm may receive and offer referrals among our various bank affiliates. We provide this as a service to all our firm clients and members of our organizational parent. Neither our firm and its associates, nor an employee of any affiliate, are directly or indirectly compensated for these introductions.

#### *Industry Memberships*

Investment advisor representatives of our firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements. A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for participant firms or individual investment advisor representatives within a selected state or region. These passive websites may provide means for interested persons to contact a firm or representative via electronic mail, telephone number, or other contact information, in order to interview the participating firm or representative. Members of the public may also choose to telephone association staff to inquire about a firm or individual within their area, and would receive the same or similar information. At times a portion of association membership fees may be used so that a firm or representative name will be listed in some or all of these entities’ websites (or other listings). Prospective clients locating our firm or one of our associates via these methods are not actively marketed by the noted associations. Clients who find our advisory firm in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these other entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

### Financial Information

Northwest Advisors, Inc. will not take physical custody of your assets. Advisory fee withdrawals from your investment account must be done through an independent, qualified intermediary (e.g., your custodian of record), per your prior written agreement.

Engagements with our firm do not require that we collect fees from you of \$1,200 or more for our advisory services that we have agreed to perform six months or more into the future.

Neither our advisory firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients, nor has the firm and its management been the subject of a bankruptcy petition at any time during the past 10 years.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

### **Business Continuity Plan**

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to its operations. A statement concerning our current plan is available under separate cover.

### **Our investment advisory services and investment vehicles offered**

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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