

First National Advisers, LLC
Form ADV Part 2A – Firm Brochure

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This brochure provides information about the qualifications and business practices of First National Advisers, LLC. If you have any questions about the contents of this brochure or would like additional copies, please contact us at 970.494.6239. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about First National Advisers, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This Brochure, dated March 31, 2017, reflects our annual updating amendment. There have been no material changes made to the Firm Brochure since the last update dated March 29, 2016.

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Advisory Business

First National Advisers, LLC (“FNA”) was founded in July 2015 and is a wholly-owned subsidiary of First National Bank of Omaha (“FNBO”). FNA provides discretionary investment management services to individual and institutional investors. As of February 28, 2017, FNA’s discretionary assets under management were \$157.9 million.

FNA actively manages mutual fund model portfolios that meet the needs of a wide range of investment objectives from aggressive to conservative. FNA’s investment advisory services are available through investment advisor representatives of Raymond James Financial Services Advisors, Inc. (“RJFSA”) who are also employees of FNBO, hereafter referred to as Advisors. The Raymond James companies are not affiliated with FNA or FNBO.

In addition to actively managing investment models, FNA has a services agreement with FNBO to provide investment management support and supervisory services.

Fees and Compensation

Our annual fees for investment management services offered through the Advisors are 0.20% and are based upon a percentage of assets under management. These fees are not negotiable and are paid according to the FNA Discretionary Investment Management Agreement (“Agreement”). Our fees are paid in advance at the beginning of each calendar quarter based upon the market value of the client’s account at the end of the previous quarter. Our fees are deducted from client accounts by the qualified custodian, Raymond James & Associates (“RJA”).

FNA provides First National of Nebraska, Inc. (“FNNI”) and its affiliates, including FNBO, with investment management support and supervisory services. FNA receives an intercompany payment for the services it provides. FNNI and FNBO provide FNA with services such as investment research and support, information technology, compliance, accounting and human resources.

Termination of Services

The Agreement between FNA and the client will continue in effect until terminated by FNA in writing, or by the client by providing their Advisor with verbal or written notice. If termination occurs before the end of the billing period, the client will receive a refund of any unearned, prepaid management fees based on the market value of assets on the date of withdrawal and prorated for the number of days remaining in the quarter.

Other Fees and Expenses

In addition to FNA's management fee described above, clients are subject to other fees and expenses.

All fees paid to FNA for investment management services are separate and distinct from the additional customary fees and expenses charged by mutual funds or exchange-traded funds ("ETFs") to their shareholders. These fees and expenses, generally including a management fee and other costs, are deducted from fund assets and therefore reduce the net asset value of the fund. In addition, certain mutual funds may also impose redemption fees if shares of the mutual fund are held for only a short time (typically anywhere from 30 days to 12 months).

A description of each fund's fees and expenses is available in the fund prospectus. The investment model mutual funds do not impose any initial or deferred sales charges. To the extent that you intend to hold fund shares for an extended period of time, it may be more economical for you to purchase fund shares outside of our services. You may be able to purchase mutual funds directly from their respective fund families without incurring FNA's advisory fee. When purchasing from fund families, you may incur sales loads, transaction fees and other charges. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid and to evaluate the investment management services being provided. Clients are also responsible for the fees charged by RJFSA which includes compensation for advisory services and execution. Please refer to the Brokerage Practices section for additional information.

Performance-Based Fees & Side-by-Side Management

We do not charge performance-based fees.

Types of Clients

We provide portfolio management for individual and institutional FNA clients including trusts, foundations, and businesses. These clients are required to sign an Agreement to receive our services.

Methods of Analysis, Investment Strategies and Risk of Loss

FNA manages investment models that are broadly diversified across multiple asset classes. These models are designed to satisfy a wide variety of investor needs, ranging from aggressive to conservative portfolios. In addition we provide investment services to some FNBO clients.

FNA constructs each investment model by first determining an appropriate asset allocation that utilizes various asset classes. Then, the fund universe is screened to determine the possible funds for each allocation. Each fund considered for inclusion in an investment model is analyzed both quantitatively and qualitatively. Quantitative factors used in the analysis are risk-adjusted returns, returns relative to a

comparable peer group, a volatility measure, the consistency of fund investment style and other fund statistics such as total assets and the inception date. Qualitative factors include the expense ratio, an assessment of the fund's management team, service provided by the fund and whether the fund is open for new investment.

Risk of Loss

There is a risk of loss when investing in any investment security including mutual funds, and clients should be prepared to bear such losses in connection with their investments. Investments in client accounts are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Past performance is not indicative of future results.

In general, FNA client assets will be allocated to mutual funds that invest in four major asset classes:

1. Domestic stocks (U.S. equity securities)
2. Foreign stocks (non-U.S. equity securities)
3. Bonds (fixed income securities of all types and maturities, including lower-quality debt securities)
4. Short-term assets (such as money market funds)

In addition, FNA may also invest in mutual funds or other securities that invest in nontraditional asset classes such as real estate, commodities or other alternative investments. The allocation of the investments in client accounts depends on the chosen investment model.

The material risks of our investment models may include:

- *Asset Allocation Risk.* The model is subject to risks resulting from FNA's asset allocation decisions. The selection of underlying funds and the allocation of the funds' assets among various asset classes could cause the model portfolio to lose value or its results to lag relevant benchmarks or other models with similar objectives. In addition, the model's active asset allocation strategy may cause the fund to have a risk profile different than that described in the Agreement from time to time and may increase losses.
- *Investing in Other Funds.* The investment model bears all risks of investment strategies employed by the underlying funds, including the risk that the underlying funds will not meet their investment objectives.
- *Common Stock Risk.* Companies included in the funds that we invest in may not perform as anticipated. A downturn in the stock market may lead to a lower market price for a stock even when company fundamentals are strong. Factors such as U.S. economic growth and market conditions, interest rates and political events affect the stock market.

- *Interest rate risk.* Changes in interest rates affect the value of fixed income securities; generally when interest rates increase, the value of fixed income securities decline. On the other hand, if rates fall, the value of fixed income securities generally increases.
- *Credit risk.* The price of a fixed income security can be affected by the issuer's or guarantor's ability to meet its financial obligations. The price of a security can be adversely affected if the issuer's credit status deteriorates and the probability of default rises.
- *Mortgage-Related and Other Asset-Backed Securities Risk.* The risks associated with mortgage-backed securities include: (1) credit risk associated with the performance of the underlying mortgage properties and of the borrowers owning these properties; (2) adverse changes in economic conditions and circumstances, which are more likely to have an adverse impact on mortgage-backed securities comprised of loans on certain types of commercial properties than on those comprised of loans on residential properties; (3) prepayment and extension risks, which can lead to significant fluctuations in the value of the mortgage-backed security; (4) loss of all or part of the premium, if any, paid; and (5) decline in the market value of the security, whether resulting from changes in interest rates or prepayments on the underlying mortgage collateral. Investments in asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.
- *Foreign Securities Risk.* Investments in foreign securities involve risks not typically associated with U.S. investments. These risks include, among others, adverse fluctuations in foreign currency values as well as adverse political, social and economic developments and possible imposition of foreign withholding taxes on income payable on the securities. In addition, there may be less publicly available information and more volatile or less liquid markets and foreign issuers may not be subject to the same accounting, auditing and financial recordkeeping standards and requirements as domestic issuers.
- *Real Estate.* Real estate is a cyclical industry that is sensitive to interest rates, economic conditions (both nationally and locally), property tax rates, and other factors. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.
- *Alternative Investments.* Alternatives are classified as assets whose investment characteristics and/or performance differ substantially from the major asset classes and therefore offer opportunities for additional diversification. They may be illiquid.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FNA or the integrity of FNA's management personnel. FNA has no reportable disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Some of the mutual funds we select for the investment models may be Tributary funds which are proprietary funds of FNBO, our parent company. Tributary Capital Management ("Tributary"), the investment adviser to Tributary Funds, Inc. an open-end registered investment company, and FNA are both wholly-owned by FNBO. Additionally, First National Fund Advisers, a separately identifiable department of FNBO has an agreement with Tributary to provide sub-investment advisory services for certain Tributary funds. FNA has a potential conflict of interest in selecting Tributary mutual funds for its investment models because FNBO and/or its affiliates will receive investment management and/or administration fees from the funds. To mitigate some conflicts, FNA utilizes the same selection criteria for all of the mutual funds it includes in the investment models.

In addition to providing FNA clients with discretionary investment services, our Portfolio Managers, through a services agreement also provide investment services to some FNBO clients. Similar investment models offered to FNA clients may also be provided to FNBO clients along with other investment strategies. We will make every effort when making changes to or rebalancing our mutual fund model portfolios to do so for all clients within a reasonable time frame, when possible. Please refer to the Brokerage Practices section for more information.

The Advisors have a potential conflict of interest in recommending FNA as a manager because the fees paid to FNA contribute to the overall profitability of FNBO. The Advisors, who are dual employees of FNBO and RJFSA, meet individually with clients and are responsible for investment model recommendations, account documentation, and on-going client service and support. FNA has adopted policies to ensure we meet our fiduciary obligation to clients.

FNBO will provide services to FNA, through a services agreement, such as investment research and support, information technology, compliance, accounting and human resources.

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

Our Code of Ethics emphasizes our fiduciary duty to place our client's interests first and outlines expected high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Code of Ethics includes: personal securities trading and reporting requirements; prohibiting investments in initial public offerings; provisions relating to the need to protect

personal client information; a prohibition on insider trading, fraudulent or deceitful activities and spreading false rumors about a company; reporting of Code of Ethics violations and restrictions and reporting requirements for the acceptance of significant gifts or entertainment, among other things. All access persons acknowledge and accept the terms of the Code of Ethics upon employment and annually thereafter.

Employees provide our Compliance Officer with personal securities transactions and initial and annual holdings reports, and, when applicable, direct their brokers to supply us with duplicate statements or electronic access to these statements.

We may select FNBO proprietary mutual funds for inclusion in our investment models. We address this potential conflict of interest by utilizing the same selection criteria for all the funds that are included in our models. Please refer to the Other Financial Industry Activities and Affiliations section for additional information. A copy of our Code of Ethics is available upon request.

Brokerage Practices

FNA uses a Raymond James Financial Services, Inc. ("RJFS") trading platform to allocate all transactions for FNA clients. Using these instructions, RJFS executes client transactions and has complete authority to select the contra broker/dealer for all of our trades. As such, FNA is not able or responsible for seeking the best overall terms for client account transactions. FNA does ensure that we select the lowest cost share class available on the RJFS trading platform. The client does not pay individual transactions costs but does pay a RJFSA fee that includes these costs and others.

When model changes or rebalancing occurs, trades will be placed in all affected FNA client accounts on the same day, when possible. The same or similar investment models may be offered to FNA and FNBO clients. The FNA and FNBO client accounts are traded on different platforms, and therefore transactions can't be aggregated or blocked together. FNA does not have any soft dollar arrangements.

Trade Errors

FNA has implemented procedures to prevent trade errors. If an error does occur, prompt action is taken, and, if it is determined that the error is the result of an FNA error, our firm will be responsible for the loss.

Review of Accounts

A member of our investment team reviews client cash balances on a regular basis for the purpose of determining if portfolio rebalancing may be appropriate. An overall account review is conducted annually, based on the Agreement and information provided by the Advisors and RJFSA, to ensure that client assets are invested according to the selected strategy. FNA acts solely as the discretionary investment manager and has, in most cases, no client interaction.

Client Referrals and Other Compensation

FNA does not compensate any person or firm for client referrals, and we do not receive compensation from anyone, except from FNBO through services agreements, who is not our client. Although we receive referrals from the Advisors, we do not pay any referral fees.

Custody

FNA does not maintain custody of client funds and securities; they are held at RJA, a qualified custodian. The client pays for this service as part of their RJFSA fee.

Investment Discretion

Clients authorize FNA with sole investment discretion in accordance with the Agreement; this allows us to select the amount and type of securities to be bought and sold without first obtaining specific consent.

Voting Client Securities

FNA does not acquire authority for or exercise proxy voting on behalf of its clients. Clients will receive proxy materials directly from the funds or their service providers. FNA will not advise clients on the voting of proxies. Clients must exercise any proxy voting directly.

Financial Information

We believe our financial condition will allow us to meet our contractual commitments.