



**PART 2A**  
**Form ADV**  
Firm  
Brochure  
December 2020

This brochure provides information about the qualifications and business practices of Nepsis Advisor Services, Inc. If you have questions about the contents of this brochure, please contact us at (952) 746-2003.

Additional information about Nepsis Advisor Services, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note that registration as an investment advisory firm does not imply a certain level of skill or training.



## Item 2 Material Changes

In April 2019 an affiliated company, Nepsis Insurance Inc. was created as an insurance agency in the state of Minnesota. Please refer to **Item 10 – Other Financial Industry Activities and Affiliations** for more detailed information.

In March 2020 Nepsis Inc a related adviser under rule 203A-2(b), with Nepsis Advisor Services signed a Brokerage Services Custody Agreement with Pershing Advisor Solutions, LLC an affiliate of Pershing, LLC. As such Nepsis intends to have clients move their advisory accounts to Pershing. Please refer to **Item 12 –Brokerage Practices** for more detailed information.

There are no other material changes to report since the last annual Brochure Supplement submitted in March 2019.

We will ensure that you receive a summary of any material changes to this brochure within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. We may also provide other ongoing disclosure information about material changes as necessary.



IT'S ALL ABOUT  
**Clarity**<sup>®</sup>

## Table of Contents

Item 1	<b>Cover Page</b>	1
Item 2	<b>Material Changes</b>	2
Item 3	<b>Table of Contents</b>	3
Item 4	<b>Advisory Business</b>	4
	About the Firm	4
	Description of Advisory Services	4
	Portfolio Management Services	4
	Financial Planning Services	4
	Referral to Affiliated Third Party	5
	Client Assets Managed by Nepsis Advisor Services, Inc.	5
Item 5	<b>Fees and Expenses</b>	5
	Asset Management Fees	5
	Other Fees Associated with Investing	6
	Termination – Portfolio Management	6
	Fees for Financial Planning and Consulting	6
	Termination – Financial Planning and Consulting	6
Item 6	<b>Performance-Based Fees and Side-by-Side Management</b>	6
Item 7	<b>Types of Clients</b>	7
Item 8	<b>Methods of Analysis, Investment Strategies, and Risk of Loss</b>	7
	Primarily Recommend One Type of Security	7
	Risk of Loss	8
Item 9	<b>Disciplinary Information</b>	8
Item 10	<b>Other Financial Industry Activities and Affiliations</b>	9
	Other Business Activity of the Company Principal	9
Item 11	<b>Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading</b>	10
Item 12	<b>Brokerage Practices</b>	10
	Aggregate Trading	11
	Trade Errors	11
Item 13	<b>Review of Accounts</b>	11
Item 14	<b>Client Referrals and Other Compensation</b>	12
Item 15	<b>Custody</b>	12
Item 16	<b>Investment Discretion</b>	13
Item 17	<b>Voting Client Securities</b>	13
Item 18	<b>Financial Information</b>	14
	Privacy Policies	14
	Class Action Lawsuits	14



## Item 4 Advisory Business

### About the Firm

Nepsis Advisor Services, Inc. is a registered investment adviser in Minneapolis, Minnesota. Our Investment Advisor Representatives offer investment supervisory services, financial planning and consulting to our clients. Nepsis Advisor Services, Inc. is filed with the SEC as a related adviser under rule 203A-2(b), with Nepsis, Inc. as both firms are under common control. Our Investment Advisor Representatives may refer clients to our affiliate, Nepsis, Inc., for additional investment management services. Both firms perform their services for clients acting as a fiduciary.

### Description of Advisory Services

#### Portfolio Management Services

Nepsis Advisor Services, Inc. provides discretionary portfolio management services to meet your investment needs and objectives. Early in the relationship a portfolio management agreement will be created outlining the Advisory relationship. Our Investment Advisor Representatives are granted authority to manage your account subject to restrictions, you may provide. Accordingly, we are authorized to perform necessary management functions, at your expense, without your further approval. Such functions include, but are not limited to, the determination of which securities will be purchased and sold and the amount of securities to be purchased and sold.

Once the portfolio is constructed, Nepsis Advisor Services provides continuous supervision and optimization of the portfolio as market conditions and client circumstances change.

#### Participation in Wrap Fee Programs

Nepsis Advisor Services only offers asset management services in a "wrap fee" program sponsored and managed by our affiliated investment advisory firm Nepsis, Inc. The asset management fee charged for our wrap fee program includes transaction charges and is calculated based upon on a percentage of assets under management. The asset-based transaction fees are charged to Nepsis Inc. by the custodian. The account custodian may charge fees for such things as margin interest, a fee for a retirement account, or a transfer fee a part from the wrap fee program.

The total cost of the individual services provided as part of the wrap fee program, if purchased separately, could be more or less than the costs of each respective program..

Factors impacting total cost include your ability to:

- Obtain the services provided within the programs separately with respect to the selection of investments,
- Invest and rebalance the selected investments without the payment of a sales charge, and
- Obtain performance reporting comparable to those provided within each program.

#### Financial Planning Services

Nepsis Advisor Services can assist you with the management of your financial resources with personalized financial planning and consulting services, principally advisory in nature, to you regarding the management of your financial resources based upon an analysis of your individual needs. Our Investment Advisor Representatives are qualified to provide financial planning services and advice on matters involving investments and non-investment related topics such as tax planning, estate planning, retirement planning, college and education planning, among others.

Nepsis Advisor Services will assist you in developing a strategy for the successful management of income, assets and liabilities by collecting detailed information regarding your financial goals and objectives. After careful analysis, a written financial plan will be provided to you.

Nepsis Advisor Services creates financial plans based on financial information you disclose to us at the time of plan creation. Please be advised that certain assumptions may be made in plan calculations with respect to interest and inflation rates as well as past performance of the market and economy. Past performance is in no way an indication of future performance. Nepsis Advisor Services cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify Nepsis Advisor Services promptly.



### **Referral to Affiliated Third Party**

Our Investment Advisor Representatives may refer you to an affiliate, Nepsis, Inc. Nepsis, Inc. is an investment advisory firm offering professional money management. When referring clients to Nepsis, Inc., our Investment Advisor Representative will receive a portion of the advisory fee charged by Nepsis, Inc. This may represent a conflict of interest in that the two companies are under common ownership.

### **Client Assets Managed by Nepsis Advisor Services, Inc.**

We manage client assets. As of December 31, 2019, we managed \$12,067,132 of client assets. \$10,952,193 of client assets are managed on a discretionary basis and \$1,114,939 of client assets are managed on a non-discretionary basis.

## **Item 5 Fees and Expenses**

### **Asset Management Fees**

Nepsis Advisor Services charges accounts a maximum annual advisory fee of 2.50% of the value of assets under management. This fee is negotiable at the discretion of Nepsis Advisor Services. Our services are offered as a wrap fee program. The specific level of services you will receive and the fees you will be charged will be specified in your advisory services agreement.

An additional asset-based pricing fee (ABP) is charged in lieu of paying standard ticket charges for security purchases & sells. That fee is calculated as follows:

From 0\$ to \$75,000, the fee is .20% of assets under management (AUM)

From \$75,001 to \$2,000,000, the fee is .12% of AUM.

From \$2,000,001 and Above, the fee is .08% of AUM.

For managed accounts in the NAS Wrap Fee program, the ABP fees charged by Pershing will be deducted from client accounts by Nepsis, Inc.

The client will be responsible for any other miscellaneous and non-standard ticket charges imposed by the Custodian

Performance Reporting/ Account Maintenance Fee (Quarterly):     \$21.25

Performance Reporting/ Account Maintenance Fees are deducted from your advisory account.

Typically, asset management fees are deducted from your managed account, and you must provide the custodian holding your assets with written authorization to have the fees deducted and paid directly to us. If required by the client, Nepsis Advisor Services also has the ability to invoice you directly for all asset management fees. At least quarterly, the custodian sends you a statement showing all disbursements from the account, including any advisory fees deducted.

The annual fee for portfolio management services is billed quarterly in advance based on the asset value at the end of the previous quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter.



### **Other Fees Associated with Investing**

The advice provided by Nepsis Advisor Services may involve investing in mutual funds. All fees received for investment advisory services are separate and distinct from the fees and expenses mutual funds charge (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there are transaction charges involved with purchasing or selling of securities. Nepsis Advisor Services does not share in any portion of the brokerage fees or transaction charges imposed by the custodian holding the client funds or securities. You should review all fees charged by mutual funds, Nepsis Advisor Services and others to fully understand the total amount of fees you will pay.

### **Termination – Portfolio Management**

The portfolio management agreement may be terminated within five days of the date of execution without financial penalty to the client. After the five-day period, either party may terminate the portfolio management agreement by providing written notice to the other party. In the event the portfolio management agreement is terminated during a calendar quarter, portfolio management fees will be pro-rated and if a refund is due it will be paid back into the account.

Nepsis Advisor Services offers a competitive fee structure to our clients. When making cost comparisons, please be aware the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

### **Fees for Financial Planning and Consulting**

Nepsis Advisor Services financial planning and consulting services will be charged either our negotiable hourly rate of \$250.00 or a fixed fee agreed upon in your Investment Advisory Agreement. The fees for financial planning and consulting services are billed to you upon completion of the services and are due according to the terms of the invoice provided.

### **Termination – Financial Planning and Consulting**

The Financial Planning and Consulting Services Agreement may be terminated within five days of the date of execution without financial penalty to the client. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event the client terminates the agreement after five days of execution, the client will only be charged for the portion of work performed by Nepsis Advisor Services.

Nepsis Advisor Services financial planning and consulting advice is provided to the client without restriction on where, and to what extent, you choose to implement the plan. You may act on our recommendations by placing securities transactions with any brokerage firm you choose. You are under no obligation to act on our financial planning or consulting recommendations.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

Nepsis Advisor Services does not accept performance-based fees. Performance-based fees permit an advisory firm to share in client portfolio profits. We do not perform side-by-side management. In side-by-side management a firm manages a portfolio of securities concurrently with client portfolios, however clients do not usually benefit from side-by-side management.



## Item 7 Types of Clients

Nepsis Advisor Services provides services to individuals, high net worth individuals, retirement accounts, charities, and other businesses.

Nepsis Advisor Services requires a minimum of \$250,000 to open and maintain an advisory account. We may waive this requirement at our discretion if, for example, the Client appears to have significant potential for increasing assets under management. There is no minimum requirement for financial planning and consulting services.

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

Nepsis Advisor Services advises clients regarding mutual funds, exchange-traded funds, variable annuities, variable life products, and provides separate account managers of equities and bonds. In some circumstances, we may advise clients regarding other securities, such as individual stocks and closed-end funds. Investment strategies and policies as well as risks are included and described in the relevant prospectus and registration statements provided to you at the time of investment in a specific product.

Nepsis Advisor Services uses the following methods of security analysis:

- **Charting** – (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- **Fundamental** – (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Nepsis Advisor Services primarily uses the following investment strategies when implementing investment advice given to clients:

- **Long Term Purchases** (securities held at least a year)
- **Short Term Purchases** (securities sold within a year)

Each method of analysis has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

### Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.



## Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **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 is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **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 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. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## Item 9 Disciplinary Information

Neither Nepsis Advisor Services, Inc. nor any of our management persons have been involved in any events that are material to a client's or prospective client's evaluation of Nepsis Advisor Services or the integrity of its management.





## Item 10 Other Financial Industry Activities and Affiliations

We have an affiliate, Nepsis, Inc., which is also a registered investment advisory firm. Certain company principals may be affiliated with both registered investment advisors. Nepsis Inc will act as the investment advisor on a sub-advisor relationship for client accounts introduced by Nepsis Advisor Services, Inc.

We also have an affiliate, Nepsis Retirement Services, Inc., which is not a registered investment advisory firm, but which provides third party administration and consulting services for qualified retirement plans such as 401(k)'s.

### Insurance Agency/Agents

We have created an affiliate company - Nepsis Insurance, Inc. an insurance agency in the state of Minnesota.

You may work with your investment adviser representative in his or her separate capacity as an insurance agent through the Nepsis agency. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance and annuities to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of Nepsis Advisor Services by purchasing disability insurance, life insurance or annuities. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### Other Business Activity of the Company Principal

For the time period of May 2013 to May 2016 (while Ecoark was a private company) the company president, Mark Pearson was a member of the advisory board of Ecoark Holdings, Inc. As a member of the Advisory Board Mr. Pearson was compensated with 62,500 shares of Ecoark stock as compensation for advising Ecoark management on strategic decisions and direction for the company, including the purchase of Zest Labs, Inc. Significant positions of Ecoark Holdings, Inc stock have been included in client's investment advisory portfolios managed by Nepsis on a discretionary basis. Nepsis clients have also invested in the shares of Ecoark Holdings, Inc outside of their managed accounts. The receipt of the shares of stock as compensation created a conflict of interest for Mr. Pearson since he was providing advice on the strategic direction of the company. Mr. Pearson addressed this conflict of interest at the time by only placing the shares of Ecoark Holdings, Inc in to the portfolios of clients whose financial situations and risk tolerance were suitable for an investment in to a private and speculative stock position.

Because of Mark Pearson's extensive experience in investing in companies based in China, on November 15, 2016 Mark Pearson entered into a consulting agreement with China Rapid Finance Limited that terminated on March 15, 2017. The purpose of the consulting agreement was to assist analysts, shareholders and management of China Rapid Finance with the following:

1. Formulation of certain investor communications as well as assisting the company with managing investor relations.
2. Assist the Company with the conduct of market analysis by the company.
3. Assist the Company with analyzing the effect trends in the People's Republic of China market on the U.S.
4. Assist the Company with performing an investment feasibility analysis.
5. Providing expertise on Chinese Companies/ Stocks and input/ insights on valuation methodology and market opportunity.



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

Persons associated with Nepsis Advisor Services and affiliates may buy or sell the same securities we recommend to you for their own accounts. They may do so at the same time as they, or a related person, buy or sell the same securities for your account. These persons are supervised to ensure that they do not personally benefit from the short-term market effects of their recommendations to you. We receive information about all of our associate's transactions and monitor them for any wrongdoing.

These persons are aware of the rules regarding material non-public information and insider trading. They may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

Nepsis Advisor Services and our personnel owe a duty of loyalty, fairness, and good faith to our clients.

Nepsis Advisor Services has adopted a Code of Ethics instructing our personnel on rules for their personal securities transactions and their ethical obligations to our clients. We adhere not only to the specific provisions of the Code but also to the general principles that guide our Code. The Code covers a range of topics including general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code to any client or prospective client upon request.

## Item 12 Brokerage Practices

Nepsis Advisor Services does not receive any research or other products or services other than execution from a broker-dealer or third party in connection with your securities transactions. Nor do we receive any client referrals from a broker-dealer or third party. Nepsis Advisor Services considers a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with the firm's existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

The firm exercises reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

Nepsis Advisor Services typically recommends Pershing, LLC member FINRA/SIPC, as custodian. We chose them as our main custodian because of their customer service, technology, trade execution, and low client expenses. They have relatively low transaction fees, no custodial fees, provide many client services free of charge, and provide and document data on best execution for our review and monitoring.

You may instruct us to use one or more particular brokers for the transactions in your accounts. Clients who may want to direct us to use a particular broker should understand that this may prevent us from effectively negotiating brokerage costs on your behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses and execution, clearance and settlement capabilities that you obtain through your broker are adequately favorable in comparison to those that Nepsis Advisor Services would otherwise obtain for you. You are encouraged to discuss available alternatives with your Investment Advisor Representative.



### **Aggregate Trading**

Nepsis Advisor Services may aggregate or “bunch” buy or sell orders for two or more clients into a single large order and place the bunched order with a single broker or dealer for execution (referred to as “block trades”). We are not obligated to place all transactions on a “bunched” basis. When determining whether to “bunch” orders, we rely on our judgment as to what course of action is likely to be fair and in the best interests of the relevant accounts on an overall basis. That is, we seek to avoid putting any client account at an advantage or disadvantage compared to our other client accounts that are buying or selling the same security.

Block trading is permitted when the following conditions are met:

Orders of two or more clients may be bunched only if we have determined, on an individual basis, that the securities order is:

1. In the best interests of each client participating in the order;
2. Consistent with our duty to obtain best execution; and
3. Consistent with the terms of the Investment Advisory Agreement of each participating client.

When conducting a block trade, Nepsis Advisor Services will determine the accounts that will participate, and the specific allocations in advance of the transaction. If the entire order is filled, you will receive your portion of the allocation specified on the trade ticket. All allocations are completed prior to the close of business on the trade date. Client accounts participating in the transaction will receive the weighted average price of the security and will incur a pro-rata share of the transaction cost, if any.

Our books and records separately reflect, for each client for whom an order is bunched, the securities held by, purchased, and sold for that client. Records are retained for a minimum of five (5) years.

### **Trade Errors**

From time to time, errors may occur in trading. Examples of such errors may include as Nepsis Advisor Services personnel entering an incorrect number of shares to be traded or possibly entering an incorrect investment name, symbol or CUSIP number for the transaction. If such an error occurs, Nepsis Advisor Services will be responsible for any loss that might accrue to the Client. Likewise, in the unlikely event of excess gain, Nepsis does not benefit in any way from this as it stays with the custodian. When possible Nepsis will donate any amount gained through the trading error to:

Christian International Foundation, Inc.  
5407 South 173rd Avenue  
Omaha, NE 68135

## **Item 13 Review of Accounts**

### **Review of Accounts**

Nepsis Advisor Services compliance generally reviews accounts no less than quarterly to ensure the advisory services are consistent with your investment needs and objectives. Triggering factors that may initiate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, or your request for an additional review.

### **Reports to Clients**

Nepsis Advisor Services will seek to confirm that you receive statements directly from your account custodian(s) at least quarterly. Please contact us immediately if you do not receive statements from your account custodian.



## Item 14 Client Referrals and Other Compensation

Nepsis Advisor Services may compensate solicitors for client referrals. Referral or solicitor fees are typically based on a portion of the management fees charged by advisory firm to clients of financial professionals we originally introduced to the advisory firm. In all cases, Nepsis Advisor Services will comply with the cash solicitation rules established by the SEC, state regulators and the client disclosure requirements. When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment advisor firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with Nepsis Advisor Services, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Nepsis Advisor Services receives no other forms of compensation in connection with providing investment advice.

## Item 15 Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does not include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. In addition, for certain client accounts we have the ability to transfer funds from their managed accounts to designated third parties based upon a standing letter of authorization. The SEC has also deemed this activity to be custody of client assets. However, our procedures are designed to meet the requirements established by the SEC.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

Clients should carefully review all statements received from the custodian and are urged to carefully compare the custodian statement against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.



## Item 16 Investment Discretion

Asset management services are provided on a discretionary basis only. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account at our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can impose reasonable restrictions on the management of your accounts.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

## Item 17 Voting Client Securities

Nepsis Advisor Services typically does not vote proxies on behalf of Clients.

However, if required by the account custodian and Nepsis Advisor Services decides to accept such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances all proxies will be voted consistent with guidelines established and described in Nepsis Advisor Services' Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact Nepsis Advisor Services to request information about how Registrant voted proxies for that client's securities or to obtain a copy of Nepsis Advisor Services' Proxy Voting Policies and Procedures.

A brief summary of Nepsis Advisor Services' Proxy Voting Policies and Procedures is as follows:

- Nepsis Advisor Services will be responsible for monitoring corporate actions, making voting decisions in the best interest of shareholders generally and, if applicable, the specific client. Nepsis Advisor Services will be responsible for ensuring that proxies are submitted in a timely manner.
- The firm will generally vote proxies according to Nepsis Advisor Services' then current Proxy Voting Guidelines.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Nepsis Advisor Services shall devote an appropriate amount of time and resources to monitor these changes.
- In any situation where there is a conflict of interest in the voting of proxies due to business or personal relationships that Nepsis Advisor Services maintains with persons having an interest in the outcome of certain votes, Nepsis Advisor Services will notify any client who holds such security and disclose the nature of the conflict. If the client still wishes Nepsis Advisor Services to vote the proxy, Nepsis Advisor Services will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

If we do not accept the proxy voting responsibility any proxy notices it will be your responsibility to vote all proxies for securities held in the Account. You will receive proxies directly from the qualified custodian or transfer agent; I will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and to make a determination based on the information provided.

Nepsis Advisor Services will not vote proxies on your behalf. You retain proxy-voting rights unless you make arrangements with the custodian of your assets. You will receive proxies or other solicitations directly from the custodian of your assets. You may contact us with questions about proxies.



## Item 18 Financial Information

Nepsis Advisor Services does not have a financial condition that is reasonably likely to impair our ability to meet contractual commitments to you. We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. Finally, we have not been the subject of a bankruptcy petition at any time.

### Privacy Policies

Protecting Client privacy is very important to Nepsis Advisor Services. Our firm views protecting its customers' private information as a top priority and pursuant to the requirements of the Gramm-Leach Bliley Act, the firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Nepsis Advisor Services does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a Client's account, Nepsis may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

Nepsis Advisor Services restricts internal access to nonpublic personal information about the Client to only those employees who need to know that information in order to provide products or services to the Client. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

### Client Information Provided to Portfolio Managers

We are the portfolio manager of the wrap fee program. Therefore, we have access to any information you provide us.

### Client Contact with Portfolio Managers

Please contact your referring representative for routine matters, as they may be able to assist. If the portfolio management team needs to get involved, this will be coordinated by the referring advisor.

### Class Action Lawsuits

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. Nepsis Advisor Services has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. Nepsis Advisor Services also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Nepsis Advisor Services has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by Clients.

Where Nepsis Advisor Services receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.



For more information contact:

**Nepsis Advisor Services, Inc.**

(952) 746-2003 • Fax: (952) 746-2006

8674 Eagle Creek Circle, Minneapolis, MN 55378

[www.investwithclarity.com](http://www.investwithclarity.com) • [www.nepsisadvisors.com](http://www.nepsisadvisors.com)

Blog: [www.InvestingWithClarity.com](http://www.InvestingWithClarity.com)

---

© Copyright 2020,

Advisory services offered through

Nepsis Advisor Services, Inc.

Member SIPC Registered Investment Advisor.

"Invest With Clarity", "The Road to Nepsis",

"The Nepsis Steps" and "Strategic Cost Averaging"

are trademarks of Nepsis, Inc.