

**Item 1 - Cover Page**



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Form ADV Part 2A  
Firm Brochure  
March 31, 2021

This brochure provides clients and prospective clients with information about NCM Capital Management, LLC and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client. Questions relative to the firm, its services, or this Form ADV Part 2 may be made to the attention of our Chief Compliance Officer at (201) 529-1429.

The contents of this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any other state or federal authority. Additional information about the firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 151109.

While the firm may be registered with the SEC, registration in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or an associated person.

## **Item 2 - Material Changes**

NCM Capital Management, LLC has amended its Form ADV Part 2 firm brochure annually as required. There have been no material changes to this document since the previous version dated June 29, 2020.

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 [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (201) 529-1429.

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.

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### **Important Information**

Throughout this document, NCM Capital Management, LLC shall also be referred to as the “firm,” “our,” “we” or “us.” The client or prospective client may also be 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 (e.g., Internet address, etc.)

## **Item 4 - Advisory Business**

### ***Description of the Firm***

NCM Capital Management, LLC is a New Jersey domiciled limited liability company formed in 2009. Our firm is not a subsidiary of nor does it control another financial services industry entity. In addition to our 2015 registration as an SEC investment advisor, our firm and its associates may notice-file (register), become licensed or meet certain exemptions to registration and/or licensing in other jurisdictions in which investment advisory business is conducted.

Nicholas S. Laverghetta, CFP® is the firm's President and Chief Compliance Officer (supervisor).<sup>1</sup> He is also Managing Member and maintains majority control in the firm. Additional information about Mr. Laverghetta and his background may be found in the accompanying brochure supplement.

### ***Description of Advisory Services***

NCM Capital Management, LLC provides fee-based financial planning and portfolio management services that may be broad-based or focused on a particular area of interest or need depending on the client's circumstances or specific request

An initial interview is conducted by a representative of our firm to discuss your current situation, goals and the scope of services that may be provided to you. During or prior to this meeting you will be provided with our Form ADV Part 2 firm brochure that includes a statement involving our privacy policy, as well as a brochure supplement about the representative who will be assisting you.

Should the client wish to engage NCM Capital Management, LLC for its services, parties must enter into a written agreement, with further discussion and analysis conducted thereafter to ascertain financial need, goals, holdings, etc., as provided by the client. It is important that we are provided 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, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that you have provided to us which will then be used in the advisory process.

It is essential that you inform our firm of significant issues that may call for an update to their plan. Events such as changes in employment or marital status, an unplanned windfall, etc., can have an impact on your circumstances and plans. Our firm needs to be aware of such events so that adjustments may be made as necessary.

### ***Financial Planning Services***

Financial planning services are provided on such subjects as cash flow analysis, retirement capital needs, education funding, estate planning, charitable giving, or other specific needs as indicated by the client. Our investment consultation component may involve educating the client on the types of investment vehicles available, investment analysis and strategies, asset selection, as well as assisting the client in establishing their own investment account at their selected broker/dealer or custodian. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by the firm.

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<sup>1</sup> Refer to the end of this brochure for an explanation of designation prerequisites and continuing education requirements.

Engagements involving strictly financial planning services are concluded upon delivery of the requested service; however, the client is encouraged to engage the firm in the future. At no time will an engagement for these services span a calendar year period unless we are engaged for long-term services.

### ***Workshop Presentations***

Firm personnel may provide educational workshops on an “as announced” basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic and investment topics. Our workshops are educational in nature and do not involve the sale of any investment products. Information presented will not be based on any one attendee’s need, nor does the firm provide individualized investment advice during its general sessions.

### ***Investment Management Services***

Clients may choose to engage the firm to implement the investment strategies it has recommended through its Investment Management Services platform. When appropriate, written investment guidelines are developed reflecting the client's investment objectives, policy constraints, tolerance for risk, and reasonable restrictions involving investing in certain securities or types of securities.

We may incorporate a blend of passive and active investment strategies and portfolio allocations generally designed for investors who seek long-term, tax efficient growth while attempting to control risk and volatility. The firm’s investment strategy and recommended vehicles are further described in Item 8 of this brochure.

We will also provide non-discretionary Investment Management Services to clients relative to variable life/annuity products that they may own through a specific issuer or accounts held by their individual employer sponsored retirement plans. The firm either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or retirement plan.

### ***Wealth Management Services***

Our firm will provide clients with Wealth Management Services; combining Financial Planning with Investment Management Services provided on either a discretionary or non-discretionary basis in accordance with the client’s stated investment objectives (defined in Item 16). This service includes the development of a plan which takes into consideration business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

### ***Wrap Fee Programs***

Our firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped (bundled) fees.

### ***Client Assets Under Management***

As of December 31, 2020, our firm had approximately \$256,369,665 dollars of client assets under management all managed on a discretionary basis.

### ***Firm Services***

Our firm does not provide accounting, legal or insurance-related services. With your consent, we may work with other professional advisors, such as an estate planning attorney, to assist with the coordination and

implementation of accepted strategies. You should be aware that these other advisors will charge you separately for their services and these fees will be in addition to our own advisory fees.

Our firm will use its best judgment and good faith effort in rendering its services. We cannot warrant or guarantee the achievement of a planning goal or 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 our client engagement agreement shall constitute a waiver of any rights that a client may have under federal and state securities laws.

### **Item 5 - Fees and Compensation<sup>3</sup>**

#### ***Financial Planning Services***

Hourly fees for financial planning services are \$300 per hour; billed in six-minute increments and a partial increment will be treated as a whole. The number of hours to complete the plan will be estimated and will depend upon the level and scope of those services required. Alternatively, and at the firm's discretion, a fixed fee may also be offered and will be based on the complexity of the client's issues and the anticipated number of hours estimated to provide the requested services; generally ranging from \$500 to \$5,000.

In either form of payment, the firm may require an initial retainer of up to one-half the estimated fee in order to initiate a financial planning project. Fees or project balances for these services are due and payable upon delivery of the plan or advice. If the client elects to further engage the firm to provide Investment Management Services, certain financial planning fees may be waived at the discretion of a principal of the firm during the initial engagement year. Services to be provided and the anticipated fee range are detailed in the written client service agreement. Fees for these services are negotiable at the discretion of a firm principal.

#### ***Workshop Presentations***

While most of the engagements are *pro bono* in nature, the firm may impose a fee for educational workshops. In the event there is a charge to workshop attendees, the fee will be published in the workshop announcement or invitation, or may be paid by the engagement sponsor. Fees for these events are typically a fixed amount paid at the time of the presentation.

#### ***Investment Management Services***

Accounts we serve under an investment management services agreement will be assessed an annualized asset-based fee that will be calculated based on the reporting period end value. Fees will be billed quarterly, in arrears, as described in Table 1.

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<sup>3</sup> NCM Capital Management, LLC reserves the right (but is not obligated) to assess a lower fee to accounts established prior to the date of this brochure and to its associates or related persons' accounts maintained by the firm through its selected custodian.

**Table 1: Investment Management Services**

<b>Assets Under Management</b>	<b>Asset-Based Fee Range*</b>
\$0 - \$499,999	1.00% - 1.50%
\$500,000 - \$999,999	0.90% - 1.40%
\$1,000,000 - \$1,999,999	0.65% - 1.30%
\$2,000,000 - \$4,999,999	0.60% - 1.25%
\$5,000,000 - \$9,999,999	0.55% - 1.20%
\$10,000,000 – Above	Negotiable

**Wealth Management Services**

Accounts we serve under a wealth management services agreement will be assessed an annualized asset-based fee that will be calculated based on the reporting period end value. Fees will be billed quarterly, in arrears, as described in Table 2.

**Table 2: Wealth Management Services**

<b>Assets Under Management</b>	<b>Asset-Based Fee Range*</b>
\$0 - \$499,999	1.30% - 1.50%
\$500,000 - \$999,999	1.20% - 1.75%
\$1,000,000 - \$1,999,999	1.00% - 1.65%
\$2,000,000 - \$4,999,999	0.80% - 1.40%
\$5,000,000 - \$9,999,999	0.55% - 1.30%
\$10,000,000 – Above	Negotiable

\*Fee ranges are provided due to the type of holdings and investment strategy employed by the account to meet stated investment objectives. For example, a portfolio employing a “buy-and-hold” (limited trading) strategy while maintaining positions made up entirely of mutual funds would generally be assessed a fee on the lower end of the stated fee range. Another example would be a portfolio requiring additional tactical trading or employing the use of options to hedge client assets would typically be assessed at the higher end of the fee range. The type of investment strategy chosen by the client and their representative will be instrumental in determining the appropriate fee for the scope of services provided.

At our discretion, we may aggregate or “household” investment management and wealth management accounts (including multiple 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 or incompetent person's account. Should investment objectives be substantially different for any two or more household accounts requiring different investment approaches, our firm reserves the right to apply the fee schedule separately to each account.

Annualized asset-based fees for investment management and wealth management services will be billed quarterly, in arrears. Fee payments will generally be assessed within 10 business days following each calendar billing period. The account's first billing cycle will occur once the account is funded and investments allocated, irrespective of a partial period under the firm's management. A partial period will be assessed a prorated fee based upon the numbers of days the firm during the reporting period the firm had been engaged to manage the account.

For purposes of determining account asset value, securities and other instruments traded on a market for which actual transaction prices are publicly reported will be valued at the last reported sale price on the principal market in which they are traded. If there are no sales on such date, then they will be determined by the mean between the closing bid and asked price on such date. Other readily-marketable securities will be valued using a

pricing service or through quotations from one or more dealers. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of “hard-to-price” securities if necessary.

The applicable portfolio management services fees referenced include advisory fees for our firm’s services. The client may be required to authorize in writing, through our firm’s advisory agreement and the selected broker/dealer or custodian (collectively, “service provider”) account opening documents, to deduct advisory fees, applicable transaction charges, etc., from client accounts. All such fees will be clearly noted on client statements. It is important that you verify the accuracy of fee calculations; the custodian may not verify the accuracy of advisory fee assessments for you.

For those accounts held by client's selected brokerage firm or custodian that the firm does not maintain an agreement, clients will be directly billed and fees will be due in full within 15 days of receipt of the firm’s invoice.

### ***Additional Information about Client Fees***

Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder and per the separate fee schedule of the custodian of record. We will ensure you receive a copy of our custodian’s fee schedule at the beginning of the engagement, and you will be notified of any future changes to these fees by the custodian of record and/or third-party administrator for certain tax-qualified plans. Fees paid by our clients to our firm for our advisory services are separate from any of these fees or other similar charges. In addition, advisory fees paid to our firm for its services are separate from any internal charges a client may pay involving mutual funds, ETFs, exchange-traded notes (ETNs) or other similar investment vehicles.

The client may make additions to and withdrawals from their account at any time, subject to the firm's right to terminate an account. Clients may withdraw account assets on notice to the firm, subject to the usual and customary securities settlement procedures. However, the firm designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives. Additions may be in cash or securities provided that the firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. The firm will consult with its clients about the options and ramifications of transferring securities.

Clients are advised that when transferred securities are liquidated, they may be subject to transaction or transfer fees, fees may be assessed at the mutual fund level (e.g., contingent deferred sales charges), or result in certain tax ramifications.

Per annum interest at the current statutory rate in which the client resides may be assessed on fee balances due more than 30 days, and we may refer past due accounts to collections or legal counsel for processing. We reserve the right to suspend some or all services once an account is deemed past due.

Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive “trailer” or SEC Rule 12b-1 fees from an investment company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described fees or assessments. You retain the option to purchase recommended or similar investments through your own selected service provider.



Additional information about our fees in relationship to our brokerage and operational practices are noted in Items 12 and 14 of this document.

### ***Termination of Services***

Either party may terminate the agreement at any time by communicating the intent to terminate in writing. If 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. Our firm will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that we inform the custodian of record that the relationship between parties has been terminated.

Should a client terminate a financial planning service after this five-day time period, the client may be assessed fees at the firm's current hourly rate for any time incurred in the preparation of the client's analysis or plan. When a portfolio management services client terminates their agreement after the five-day period, the client will 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 the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice.

If you were required to provide an initial deposit of \$1,200 or more for a financial planning service, you provided all requisite information, and such plans or services have not been delivered to you within six months' time from the date of the engagement, you will be entitled to a refund.

Our firm will return any prepaid, unearned fees (if any) within 30 days of the firm's receipt of termination notice. Earned fees in excess of any prepaid deposit will be billed at the time of termination and will be due upon receipt of our invoice. Our return of payment to a client for our financial planning services will only be completed via check from our firm's US-based financial institution; no credits or "transaction reversals" will be issued. We will only coordinate remuneration of prepaid asset-based fees to an investment account via the account custodian. Return of prepaid fees will never involve a personal check, cash or money order from our firm or from an associate of our firm.

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

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

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

While our current client-base consists of individuals and high net worth individuals, NCM Capital Management, LLC is available to provide its services to charitable organizations, foundations, pension and profit sharing plans, and businesses of various scale. We do not require minimum income levels or dollar-value of assets for our advisory services.

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

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

If our firm is engaged to provide any form of investment advice, the client's current financial situation, needs, goals, objectives and tolerance for risk are initially evaluated. Asset allocation and investment policy decisions are made and discussed with the client to, in the firm's best judgment, meet the client's objectives while minimizing risk exposure.

NCM Capital Management, LLC employs what it believes to be an appropriate blend of fundamental, technical, charting, and cyclical analyses. Fundamental analysis involves using data to evaluate a security's intrinsic value. For example, fundamental analysis of a bond's value could involve evaluating economic factors including interest rates, the current state of the economy, and information about the bond issuer's credit ratings. Fundamental analysis of a stock takes into account revenues, earnings, future growth, return on equity, profit margins and other data to evaluate a company's value and its potential for future growth.

Technical, cyclical and charting analyses may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors. These methods are based upon analyzing statistics generated by market activity, such as past prices and trading volume, among others. By combining these analyses, the firm believes it may better assist the client in determining the appropriate strategy that has been adapted to their requirements and goals.

Research may be drawn from sources including: financial publications; investment analysis and reporting software; inspections of corporate activities; research materials from outside sources; corporate rating services; annual reports, prospectuses and other regulatory filings; company press releases.

### ***Investment Strategies***

Our portfolios are generally constructed based on the principles of *Modern Portfolio Theory* (efficient markets theory). The result of this process is an allocation believed to produce the highest possible return for a given level of risk. Portfolios are rebalanced in an attempt to maintain optimal allocation while minimizing tax exposures and trading costs. In certain circumstances, the firm may offer advice on shorter-term investment strategies when requested by the client or for a portfolio "tactical overlay."

Allocations may include one or more investment products: index (passive) and active mutual funds, exchange traded funds (ETFs) or exchange traded notes (ETNs); individual equity and/or debt securities, municipal or government securities; non-correlating assets, such as real estate investment trusts (REITs), commodities, managed futures funds, among others. This is not an all-inclusive list. Existing positions within a client account containing various holdings will be evaluated and maintained when deemed appropriate.

### ***Risk of Loss***

While the firm believes its strategies and investment selections are designed to potentially produce the highest possible return for a given level of risk, it cannot warrant or guarantee that an investment objective or planning goal will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. The client various risks involved in the investment of account assets, which may include market; currency, interest rate, liquidity, operational or political risk, among others. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

Risks involving research: The firm's research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, and the firm is 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 a client account or financial plan.

Risks involving our analyses: With respect to our analyses, the following potential risks should be considered -

- **Fundamental Analysis** - The risk of fundamental analysis is that information obtained 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.
- **Charting and Technical Analysis** - The risk of investing based on technical analyses and their supporting charts is that they may not consistently predict a future price movement, or 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.
- **Cyclical Analysis** - An economic cycle may not be as predictable as preferred; 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.

Risks involving investment strategies: Whenever employing an efficient markets theory (such as *Modern Portfolio Theory*), an investor should consider the potential risk that their 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 from the asset class. The firm believes this variance from the "expected return" is generally low if the portfolio is made up of diverse, non-correlated assets. Although not a common practice of the firm; those accounts that require the employment of more frequent trading strategies may result in additional transactional costs or create taxable events that will be borne by the client, and potentially reducing or negating any benefit derived by shorter term investing.

Risks involving specific investments: Investment vehicles such as ETFs and indexed funds have the potential to be affected by "active risk" or "tracking error risk," which might be defined as a deviation from their stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a "sample index" that may not as closely align the stated benchmark. In these instances, the firm may choose to reduce the weighting of a holding or use a "replicate index" position as part of its core holdings to minimize the effects of the tracking error in relation to the overall portfolio.

Additionally, while many ETFs, ETNs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are certain asset classes or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies (that may also 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 will be considered if tax-efficiency is an important aspect of the portfolio.

#### **Item 9 - Disciplinary Information**

Neither NCM Capital Management, LLC nor any member of 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 firm's advisory business or the integrity of our firm.

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

Our policies require our firm and its associates to conduct business activities in a manner that avoid or appropriately mitigate conflicts of interest between the firm, its associates, and our clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Our advisory firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm, nor are we required to be registered with such entities. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- other investment advisors, including financial planning firms, municipal advisors or third-party investment managers
- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include 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)

An associate of our advisory firm is a Certified Public Accountant (CPA) and a partner with Weber, Shapiro & Company LLP; an unaffiliated accounting firm. Our associates do not serve in a role that would be defined as having physical custody of an account (see Item 15). Whether an associate is serving a client in one or more capacities, they will disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service being provided. 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.

Derek Ralston, a representative of NCM Capital Management is an Investment Advisor Representative of Income & Asset Advisory, Inc., an unaffiliated Registered Investment Adviser. NCM Capital Management, LLC attempts to mitigate this conflict of interest by disclosing the conflict to clients and reaffirming the fiduciary duty to always place NCM Capital Management client interests first.

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

NCM Capital Management, LLC holds itself to a *fiduciary standard*, which means the firm and its associates will act in the utmost good faith, performing in a manner believed to be in the best interest of its clients. Our firm believes that business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest and to appropriately manage any material conflicts of interest that may remain. You should be aware that no set of rules can possibly anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

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

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that it remains current, and we require firm personnel to annually attest to their understanding of and adherence to the firm’s Code of Ethics. A copy of the firm’s Code

of Ethics is made available to any client or prospective client upon request.

### ***CFP® Principles***

CERTIFIED FINANCIAL PLANNER™ Professionals, such as Mr. Laverghetta, adhere to the Certified Financial Planner Board of Standards, Inc. principles, which are found at [cfp.net](http://cfp.net).

### ***Statement regarding our Privacy Policy***

We respect the privacy of all clients and prospective clients (collectively termed “customers”), both past and present. It is recognized that you have entrusted our firm with non-public personal information and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

The firm collects personal information about customers from the following sources:

- Information customers provide to complete their financial plan or investment recommendation;
- Information customers provide in engagement agreements and other documents completed in connection with the opening and maintenance of an account;
- Information customers provide verbally; and
- Information received from service providers, such as custodians, about customers’ transactions.

The firm does not disclose non-public personal information about our customers to anyone, except in the following circumstances:

- When required to provide services our customers have requested;
- When our customers have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within the firm, access to customer information is restricted to personnel that need to know that information. All access persons and service providers understand that everything handled in firm offices are confidential and they are instructed not to discuss customer information with someone else that may request information about an account unless they are specifically authorized in writing by the customer to do so. This includes, for example, providing information about a family member’s account.

To ensure security and confidentiality, the firm maintains physical, electronic, and procedural safeguards to protect the privacy of customer information.

Our firm will provide advanced notice to its customers if our privacy policy is expected to change.

### ***Firm Recommendations and Conflicts of Interest***

Neither the firm nor any related person 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.

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

The firm recognizes that should it act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan) and one of its investment advisor representatives serves in an advisory capacity to one or

more of the plan's participants, a potential or implied conflict of interest may occur. The firm may require its employee to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue and with consideration made to offset participant fees.

Our firm remains focused on ensuring that its offerings are based upon the needs of its clients, not resultant fees received for such services. We want to note that you are under no obligation to act on a recommendation from our firm and, if you elect to do so, you are under no obligation to complete them through our firm or a service provider whom we may recommend.

We do not trade for our own account (e.g., proprietary trading). The firm's related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendation or trade, etc.), firm policy requires that we restrict or prohibit certain related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of the accompanying Form ADV Part 2B brochure supplement for further details.

## **Item 12 - Brokerage Practices**

### ***Recommended Service Providers***

NCM Capital Management, LLC does not maintain physical custody of client assets (see Item 15). Client assets must be maintained in an account at a qualified custodian, generally a broker/dealer or bank whom is frequently assessed for its capabilities by their respective industry regulatory authority. Our firm is not a custodian, nor do we have an affiliate that is a custodian. We do not receive referrals from the custodians we may recommend to you, nor are client referrals a factor in our selection of a custodian.

When we are engaged to provide investment consultation via a financial planning component, we may recommend the service provider/custodian with whom your assets are currently maintained. If you prefer a new service provider or chooses to engage the firm for investment management services, we may suggest the institutional services division of National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity") or Charles Schwab & Co., Inc. ("Schwab") to serve as qualified custodian. Fidelity and Schwab are FINRA and SIPC members.<sup>4</sup> NCM Capital Management, LLC is independently owned and operated and is not affiliated with Fidelity or Schwab; nor do they supervise our associates or our firm's advisory activities.

Fidelity and/or Schwab will hold clients' assets in an account in the client's name, and will buy and sell securities when our firm instructs them. While our firm does not technically open the account for a client, we assist in doing so. If a client does not wish to place their assets with Fidelity or Schwab, then our firm may be unable to manage the client account under a wealth management services agreement.

The institutional platform services Fidelity and Schwab provides our firm includes, among others, brokerage, custody, and other related services. Fidelity and Schwab's institutional platform services assist our firm 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, and



- assist with back-office functions, recordkeeping and client reporting.

Fidelity and Schwab also offers other services intended to help the 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 and/or Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to our firm as long as our clients collectively maintain a total of these account asset minimums with Fidelity and/or Schwab. Fidelity and/or Schwab generally does not charge our firm 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 and/or Schwab or that settle into Fidelity and/or Schwab accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity and/or Schwab provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity and/or Schwab 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 and Schwab benefits us because we do not have to produce or purchase them. We do not pay for Fidelity and Schwab's services so long as our clients maintain assets in accounts at their firm. Beyond that, these services are not contingent upon us committing any specific amount of business to Fidelity or Schwab in trading commissions or assets in custody. There is an incentive for our firm to select or recommend a particular broker/dealer, such as Fidelity or Schwab, 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. Our firm believes the selection of Fidelity and Schwab as custodian is in the best interests of our clients since our selection is primarily supported by the scope, quality, and price of Fidelity and Schwab's services, and not just those services that benefit only our firm. We have also determined that having Fidelity and Schwab execute most trades is consistent with our duty to seek "best execution" of client trades (see following section).

Our firm periodically assesses any service provider we may recommend, including Fidelity and Schwab, which may include a review of their range of services, reasonableness of fees, among other items, 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 paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions*. 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 custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodians is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

### **Directed Brokerage**

Our internal policy and operational relationship with our preferred custodians require client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker

should be selected for client account trades; whether that is an affiliate of a preferred custodian or another executing broker of that custodian's choice. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case.

Since we routinely recommend a custodian for our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described in this section from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on our client accounts' cash balances.

Our clients are unable to engage in directed brokerage via our custodians. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

### ***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 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 method of receipt. 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.*

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 its trade errors through an account maintained by our custodian, and the firm may be responsible for trading error losses that 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.

## **Item 13 - Review of Accounts**

### ***Scheduled Reviews***

#### **Financial Planning Services**

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services. We believe they should occur on an annual basis whenever practical, and more frequently when we are engaged for our retainer services. Reviews will be conducted by your assigned investment advisor representative, as well as



oversight by Mr. Laverghetta, and typically involve analysis and possible revision of your previous financial plan or investment allocation. A copy of revised plans or asset allocation reports will be provided to the client upon request. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our current fee rate.

#### Portfolio Management Services

Investment accounts are reviewed on a quarterly or more frequent basis by Mr. Laverghetta. Client-level reviews are completed by your assigned investment advisor representative, and we recommend that they occur on at least an annual basis. A copy of a revised investment guideline or asset allocation reports will be provided to the client upon request.

#### **Non-Periodic Reviews**

##### Financial Planning Services

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment, an inheritance, the birth of a new child, etc.), or if you prefer to change requirements involving your investment account. Non-periodic reviews are conducted by your assigned investment advisor representative, under a new or amended agreement when necessary, and fees may be assessed at our published rate. A copy of revised plans or asset allocation reports will be provided to the client upon request.

##### Portfolio and Investment Management Services

Additional reviews by our portfolio manager and/or your assigned investment advisor representative may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. 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.

#### **Client Reports and Frequency**

Whether you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear.

Our firm may provide portfolio "snapshots" if we are engaged to provide periodic asset allocation or investment advice, but we do not provide ongoing performance reporting through our financial planning service. Portfolio management services accounts may receive performance reports from our firm upon client request that have been generated from our custodian's data systems; however, we do not create our own written performance reports. Clients are urged to carefully review and compare account statements that they have received directly from their custodian of record with any report they may receive from our firm or any other source that contains account performance information.

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

Beyond what had been previously disclosed in Item 12 of this brochure, our advisory firm does not receive economic benefit from an external source that we may recommend to you. We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the option to accept or deny

such referral or subsequent services.

An associate of the 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 individual members within a selected state or region. These passive websites may provide means for interested persons to contact an association member via electronic mail, telephone number, or other contact information, in order to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of the membership fee may be used so that their name will be listed in some or all of these entities' websites (or other listings). Prospective clients locating our advisory firm or an associate via these methods are not actively marketed by the noted associations. Clients who find our firm in this way do not pay more for their services than clients referred in any other fashion. The firm does not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

Certain professionals of NCM Capital Management are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for NCM Capital Management clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of NCM Capital Management. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage NCM Capital Management or utilize these professionals to implement any insurance recommendations. NCM Capital Management attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with NCM Capital Management, or to determine not to purchase the insurance product at all. NCM Capital Management also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of NCM Capital Management, which requires that employees put the interests of clients ahead of their own.

#### **Item 15 - Custody**

Client funds and securities will be maintained by unaffiliated, qualified custodians, such as a bank, broker/dealer, mutual fund company, or transfer agent; not with or by NCM Capital Management, LLC nor any of its associates. In keeping with this policy involving our client funds or securities, our firm:

- Restricts the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibits any 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 custodian maintaining your account assets via your prior written approval;
- Does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; 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) if such access would allow physical control over account assets.

Clients will be provided transaction confirmations and summary account statements sent directly from their selected service provider; not through or by NCM Capital Management, LLC. Typically, these statements are provided on a monthly or quarterly basis, and as transactions occur. Clients are reminded to inform the firm if they do not receive these statements in a timely fashion. For those accounts that elect to receive electronic statements from the selected service provider, they must ensure they maintain a current electronic mail address with that entity. Clients are urged to carefully review statements received from their custodian.

If you receive a report from our advisory firm or any other source that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your custodian of record with the performance-related report.

#### **Item 16 - Investment Discretion**

We provide investment management services on either a discretionary or nondiscretionary basis. Via limited power of attorney, discretionary authority allows our firm 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 your stated investment objectives. This authority will be granted through your execution of both our engagement agreement and the selected custodian's account opening documents. Note that your custodian 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.

Our firm prefers to not manage client accounts on a nondiscretionary basis but we may accommodate such requests on a case-by-case basis. Such account authority requires your ongoing prior approval involving the investment and reinvestment of account assets, portfolio rebalancing, or for our firm to give instructions to the custodian maintaining your account (e.g., wire instructions, etc.). If you find it necessary to require such restrictions, we may not offer a reduced fee due to the additional operational costs involved managing your account. You will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause. Please note that in light of the requirement for your pre-approval you must make yourself available and keep our firm updated on your contact information so that instructions can be efficiently effected on your behalf.

You may amend our account authority by providing our firm revised written instructions. As noted in Item 4, we will allow for reasonable restrictions involving the management of your account. It remains your responsibility to notify us if there is any change in your situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

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

Clients may receive proxies or other similar solicitations sent directly from the issuer, custodian or transfer agent. If the firm receives correspondence for a client relating to the voting of their securities, class action litigation, or other corporate actions, it will typically forward the correspondence to the client or another entity (i.e., client counsel, etc.) if so directed.

Our firm does not vote client proxies nor offers guidance on the voting of client proxies. Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to the client's investment assets.

We do not offer guidance on nor have the 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. Clients should contact the issuer or their legal counsel for guidance.

#### **Item 18 - Financial Information**

Our advisory firm will not take physical custody of your assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., your custodian of record) following 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 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 its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory 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 and succession contingency plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available upon request.