



4893 Larson Beach Rd.  
McFarland, WI 53558  
(608) 838-3330

[www.namadvisors.com](http://www.namadvisors.com)

March 23, 2023

This brochure provides information about the qualifications and business practices of Neuenschwander Asset Management, LLC ("NAM"). If you have any questions about the contents of this brochure, please contact us at the phone number above. 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.

NAM is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

Additional information about Neuenschwander Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 125179.

## Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual update and provides clients with a summary of such changes.

We do not have material changes for our current Brochure, however, please note we have updated the Assets Under Management information in Item 4 in accordance with the filing of our Annual Updating Amendment on March 23, 2023.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting James Murphy, Member and Chief Compliance Officer, at (608) 838-3330.

Brochure Date: 03/23/2023

Date of Most Recent Annual Updating Amendment: 03/23/2023

## Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	4
Item 7 – Types of Clients .....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 – Disciplinary Information.....	6
Item 10 – Other Financial Industry Activities and Affiliations.....	6
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	7
Item 12 – Brokerage Practices.....	7
Item 13 – Review of Accounts .....	9
Item 14 – Client Referrals and Other Compensation .....	9
Item 15 – Custody .....	10
Item 16 – Investment Discretion.....	10
Item 17 – Voting Client Securities.....	11
Item 18 – Financial Information .....	11

## Item 4 – Advisory Business

Neuenschwander Asset Management, LLC (“NAM”) provides wealth management services to its clients, including but not limited to, investment management, personal financial planning, and retirement plan services. NAM is owned by Timothy James Neuenschwander and James Vincent Murphy and has been providing advisory services since in 2003.

As of December 31, 2022, NAM managed \$111,573,824 of clients' assets on a discretionary basis and \$169,090 on a non-discretionary basis.

### **PORTFOLIO MANAGEMENT**

NAM manages investment portfolios for individuals, qualified retirement plans, trusts, not-for-profit organizations, and small businesses. NAM will work with a client to determine the client's investment objectives and investor risk profile and will design a written Investment Policy Statement (IPS) that aligns with the clients' stated goals and objectives. NAM evaluates the client's existing investments with respect to the client's IPS. NAM uses investment and portfolio allocation software to evaluate alternative portfolio designs. NAM works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by NAM. NAM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

NAM will typically create a portfolio of passively managed asset classes, comprised of no-load index based mutual funds and/or exchange traded funds (ETFs). Model portfolios may be used if the models match the client's investment policy. NAM will allocate the client's assets among these various asset classes and investments taking into consideration the overall risk and return profile of the client.

Client portfolios may also include some individual equity securities, mutual funds, ETFs and bonds in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. NAM will note such situations within the client's IPS when an IPS is maintained for the client.

NAM manages mutual fund and equity portfolios on a discretionary basis. A client may impose any reasonable restrictions on NAM's discretionary authority, including restrictions on the types of securities in which NAM may invest client's assets and on specific securities, which the client may believe to be appropriate.

NAM may also recommend to advisory clients fixed income portfolios, which consist of managed accounts of laddered individual bond portfolios. NAM will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to engage an independent third-party fixed income manager. NAM has contracted with Buckingham Strategic Partners, LLC (“BSP”) for sub-advisory services with respect to clients' fixed income accounts. A client agreement, including this discretionary authority granted to NAM by the client to hire a fixed income sub-advisor, may be canceled at any time for any reason upon receipt of 30-days' written notice.

Pursuant to its discretionary authority, NAM will engage the third-party fixed income manager. The fixed income manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's IPS. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information).

On an ongoing basis, NAM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. NAM will periodically request, at least annually, to meet with each client to review the clients' investment policy, risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. NAM will provide any updated client financial information or account restrictions to third-party investment managers necessary for the investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, NAM may consult with clients on various financial planning areas including income and estate tax planning, college financial planning, retirement planning, insurance and risk management analysis, personal cash flow analysis, investment analysis, establishment and design of retirement plans and trust designs, among other things.

NAM does not participate in or sponsor any wrap fee programs.

### **RETIREMENT PLAN SERVICES**

NAM also provides advisory services to participant-directed retirement plans through third-party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

NAM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. NAM will recommend investment options to help achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

NAM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. NAM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, NAM also works in coordination and support with BSP. Retirement plan clients will engage both NAM and BSP. BSP will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

NAM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Item 5 – Fees and Compensation**

Advisory fees are charged by NAM as established in a client's written agreement with NAM. Investment Management will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third-party sources or fair market value in the absence of market value; client account balances on which NAM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. Fees will be prorated, on a monthly basis, with respect to new relationships opened during a quarter.

For Investment Management and Retirement Plan Services, NAM will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to NAM or its designated service provider, BSP, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third-party administrators will calculate and debit NAM's fee and remit such fee to NAM.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30-days' written notice. Upon termination, any prepaid, unearned fees will be promptly refunded.

NAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to NAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to NAM's fee, and NAM shall not receive any portion of these commissions, fees, and costs. Please see Item 12 of this Brochure for additional information about NAM's Brokerage Practices.

NAM has contracted with BSP for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. NAM has also contracted with BSP for sub-advisory services with respect to clients' fixed income accounts. NAM pays a fee for BSP's services based on management fees paid to NAM on accounts which use BSP. The fee paid by NAM to BSP consists of a portion of the fee paid by clients to NAM and varies based on the total client assets participating in BSP through NAM. These fees are not separately charged to advisory clients. The fee charged by NAM to its clients includes all sub-advisory fees charged by BSP.

### **Advisory Fees**

#### **PORTFOLIO MANAGEMENT**

The standard annual fee for investment management services for new relationships will be charged as a percentage of assets under management, according to the tiered schedule below:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
Up to \$199,999	1.85%
\$200,000 - \$499,999	1.25%
\$500,000 - \$999,999	1.00%
\$1,000,000 - \$1,999,999	0.90%
\$2,000,000 - \$2,999,999	0.80%
\$3,000,000 - \$3,999,999	0.70%
\$4,000,000 - \$4,999,999	0.60%
\$5,000,000 or greater	0.50%

Fees may be negotiable based on household relationship or individual circumstances including account size, potential future account growth, business relationships and the level and scope of the services requested.

Individual accounts for immediate family members (such as husband, wife, children, associated trusts, etc.) are aggregated, and the fee is charged based on the total value of all family members' accounts. Certain non-discretionary clients may be charged a flat-rate fee for annual investment advisory services. The specific fee schedule charged by NAM will be established in the client's written agreement with NAM.

#### **Retirement Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan. According to the tiered structure below.

<b>Assets Under Management</b>	<b>BSP's Annual Fee</b>	<b>NAM's Annual Fee</b>	<b>Total Fee</b>
On the first \$1,000,000	0.30%	0.70%	1.00%
On the next \$4,000,000	0.22%	0.53%	0.75%
On the next \$5,000,000	0.12%	0.28%	0.40%
On all amounts above \$10,000,000	0.06%	0.16%	0.22%

Fees may be negotiable based on individual circumstances including account size, potential future account growth, business relationships and the level and scope of the services requested.

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

NAM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

### **Item 7 – Types of Clients**

NAM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

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

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

NAM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory and the Efficient Markets Theory. NAM's investment approach is firmly rooted in the belief that markets are "efficient" and that investors' returns are determined principally by asset allocation decisions, rather than market timing or stock picking. NAM recommends diversified portfolios, principally through the use of passively managed mutual funds and Exchange Traded Funds (ETFs). NAM selects or recommends

portfolios of securities, principally broadly-traded open end mutual funds and/or ETFs and conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, NAM's investment recommendations seek to limit risk through broad global diversification and investments in conservative fixed income securities. NAM's investment philosophy is designed for investors who desire a buy and hold strategy, with an investment time horizon minimum of five years, and preferably ten years or more.

NAM's philosophy seeks to minimize frequent trading of securities which results in increased brokerage and other transaction costs. Investors who do not commit to a MPT philosophy may not achieve desired long-term results.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Analysis of a Client's Financial Situation:** In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, NAM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, NAM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis;
- The risk that future rates of return will fall short of the estimates used in the simulation;
- The risk that inflation will exceed the estimates used in the simulation; and
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (stocks, mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs recommended by NAM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodity futures. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in NAM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the



exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds recommended by NAM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses within each applicable sector.

Equity Securities Risk. Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

Fixed-Income Securities Risk. Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

Asset Allocation Risk. A fund's selection and weighting of asset classes and/or underlying funds may cause it to underperform other funds with a similar investment objective.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. NAM has no information applicable to this Item.

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

**Buckingham Strategic Partners, LLC** - As described above in Item 4, NAM may exercise discretionary authority provided by a client to select an independent third-party investment manager for the management of portfolios of individual fixed income securities. NAM selects Buckingham Strategic Partners, LLC (BSP) for such fixed income management. NAM also contracts with BSP for back-office services and assistance with portfolio modeling. NAM has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BSP effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of NAM continuously makes this assessment. While NAM has a contract with BSP governing a time period for back-office services, NAM has no such fixed commitment to the selection of BSP for fixed income management services and may select another investment manager for clients upon reasonable notice to BSP.

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

NAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. NAM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth NAM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with NAM will buy and sell securities for their personal accounts that are identical to those recommended to clients. The ability to invest in the same securities as clients represents a conflict of interest. Based on an individual's unique need, willingness and need to take risk, transactions by an individual associated with NAM may be different than a recommended NAM client transaction. This different recommendation can present a conflict of interest but is based on each individual's unique circumstances. In addition, NAM typically utilizes open end mutual funds, which mitigates this conflict as mutual funds are priced once per day at net asset value (NAV). It is the expressed policy of the Firm that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, NAM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. NAM also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

NAM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. NAM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

NAM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is NAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. NAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

NAM arranges for the execution of securities transactions with the assistance of BSP. Through BSP, NAM participates in the Schwab Institutional (SI) services program offered to independent investment advisors by Charles Schwab & Company, Inc. (Schwab) and the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC (Fidelity). Schwab and Fidelity are FINRA registered broker dealers. Through BSP, NAM also participates with RetireOne annuity services provided by Aria Retirement Solutions offering fee-only investment management.

The Schwab and Fidelity brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. NAM regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to NAM's service arrangements and capabilities, and NAM may not accept clients who direct the use of other brokers. As part of these programs, NAM receives benefits that it would not receive if it did not offer investment advice.

As NAM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct NAM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that NAM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

NAM will not exercise authority to arrange client transactions in fixed income securities. Clients may however provide this authority to a fixed income manager retained by NAM on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2A: Firm Brochure and Form ADV Part 2B: Brochure Supplement) of said portfolio manager. SI and FIWS do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers.

Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While NAM will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

BSP regularly reviews the services and fees offered by custodians in comparison with other institutional service providers. BSP reviews trading costs, execution capabilities and related services for competitiveness. Please see Item 14 for a further description.

For transactions in fixed income sub-advisory accounts, BSP will exercise discretion to select broker-dealers and negotiate transaction costs, which may include commissions, trade away/settlement fees charged by a investment advisor's client's custodian and "mark ups/mark downs" by the executing broker dealer. BSP will select broker-dealers based on its evaluation of the products offered, the brokerage services offered, costs and quality of execution. The reasonableness of brokerage costs and mark ups/mark downs is based on the broker-dealer's ability to provide professional services, competitive execution, expertise in specific securities or markets (securities availability), price competitiveness, speed of response, operational efficiency, market research, idea generation, bid strength, experience and financial stability and other services that will help BSP and NAM in providing investment management services to their clients.

Client trades in fixed income or equity transactions may be blocked with transactions where (i) BSP initiates each client transaction, (ii) or client transactions are initiated by BSP or NAM. Block trading will be utilized to seek cost benefits for clients.

In the event block trades are only partially filled, allocations will be made on a fair and equitable basis considering the timing of orders and the ability to pro-rate partial trade fills from brokers and dealers. As

necessary, the first order received may be allocated shares on a preferential basis. The trading desk of BSP and Buckingham Strategic Wealth is a single entity handling orders related to BSP, Buckingham Strategic Wealth and NAM. BSP, Buckingham Strategic Wealth and NAM may also exercise discretion to cross transactions between non-affiliated accounts in situations in which it is determined that such a transaction can be fairly priced for each account and is judged to be in each client's best interest.

NAM does not have any arrangements to compensate any broker-dealer for client referrals.

In its role as advisor to certain ERISA plans described in Item 5, NAM does not arrange any securities transactions on behalf of the plans.

## **Item 13 – Review of Accounts**

**REVIEWS:** Account assets are supervised continuously and formally reviewed quarterly by the client's advisor. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income sub-advisory accounts, certain account review responsibilities are delegated to an independent third-party investment manager as described above in Item 4.

Employee Benefit Retirement Plan assets are reviewed on a quarterly basis, and according to the standards and situations described above for investment management accounts.

**REPORTS:** All clients receiving investment management services will receive quarterly performance reports, prepared by BSP and reviewed by NAM that summarize the client's account and asset allocation. Clients will also receive periodic statements from their account custodian, which will outline the client's current positions, and current market value.

Employee Benefit Retirement Plan clients generally receive statements only from their account custodian.

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

It is NAM's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

As indicated under the disclosure for Item 12, NAM utilizes the services of SI and FIWS. SI and FIWS each provide NAM with access to institutional trading through BSP and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them. The services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

SI and FIWS also make available to NAM other products and services that benefit NAM but may not benefit its clients' accounts. Some of these other products and services assist NAM in managing and administering clients' accounts. These include software and other technology that provide access to investment advisor client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of NAM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of NAM's accounts. Offered brokers also make available to NAM other services intended to help NAM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. NAM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary NAM endeavors to act in its investment advisors' clients' best interests, NAM's requirement that clients maintain their assets in accounts at SI or FIWS may be based in part on the benefit to NAM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

NAM also receives software from Dimensional Fund Advisors (DFA), a mutual fund company whose products NAM recommends, which NAM utilizes in forming asset allocation strategies and producing performance reports.

DFA, through a web-based service, provides referrals of investor clients to NAM. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA does not provide help to NAM in recruiting investor clients in any other way.

## **Item 15 – Custody**

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 – Investment Discretion**

NAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to engage an independent third-party sub-advisor for fixed income accounts. Any limitations on this discretionary authority shall be included in this written investment advisory agreement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, NAM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to NAM in writing.

## **Item 17 – Voting Client Securities**

**Proxy Voting:** As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

**Class Actions, Bankruptcies and Other Legal Proceedings:** Clients should note that NAM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct NAM to transmit copies of class action notices to the client or a third party. Upon such direction, NAM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

NAM required in this Item to provide you with certain financial information or disclosures about our financial condition. NAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.