

# Networth Advisors, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Networth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (724) 746-3585 or by email at: [schedule@networthadvisorsllc.com](mailto:schedule@networthadvisorsllc.com). 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.*

*Additional information about Networth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Networth Advisors, LLC's CRD number is: 311621.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Networth Advisors, LLC on 03/31/2023 are described below. Material changes relate to Networth Advisors, LLC's policies, practices or conflicts of interests.

- Networth Advisors, LLC has updated their Asset Under Management (Item 4E).
- Networth Advisors, LLC offers discretionary investment advisory services (Item 16).
- Networth Advisors, LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Networth Advisors, LLC (hereinafter "NAL") is a Limited Liability Company organized in the State of Pennsylvania. The firm became registered as an investment adviser under the Commonwealth of Pennsylvania in 2021 and transitioned to an SEC registered Investment Adviser in 2023. The principal owner is Beth Andrews.

### B. Types of Advisory Services

#### *Portfolio Management Services*

NAL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. NAL creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

NAL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

NAL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of NAL's economic, investment or other financial interests. To meet its fiduciary obligations, NAL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, NAL's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is NAL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

#### *Selection of Other Advisers*

Using a platform offered by AE Wealth Management, LLC, a registered investment adviser, NAL may select model portfolios managed by third-party investment advisers for all or a portion of the client's assets. Before selecting model portfolios, NAL will always ensure those other advisers are properly licensed or registered as an investment adviser.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; health care; legacy and debt/credit planning.

## ***Workshops and Educational Seminars***

NAL may hold seminars that offer attendees general investment and retirement planning advice. NAL does not offer individualized advice during seminars. Examples of topics covered include the objectives of retirement planning and wealth management. NAL does not charge fees to attendees.

## ***Networth Financial Hour Radio Show***

NAL participates in a radio broadcast, the Networth Financial Hour Radio Show. The show is hosted by Networth Advisors founder and President Beth Andrews and advisor and partner Scott Hefty. Networth Advisors, LLC pays a fee to be interviewed for this show.

## ***Networth Advisors Television Clips***

NAL participates in short 2 minute broadcasts on local TV stations, The Pittsburgh Retirement Report. The show is hosted through AE Media TV Production with Networth Advisors founder and President Beth Andrews presenting various informational topics. Networth Advisors, LLC pays a fee to be interviewed for this show.

## ***Services Limited to Specific Types of Investments***

NAL generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities, ETFs, treasury inflation protected/inflation linked bonds, non-U.S. securities, and venture capital funds, although NAL primarily recommends growth and income. NAL may use other securities as well to help diversify a portfolio when applicable.

## ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);

- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **C. Client Tailored Services and Client Imposed Restrictions**

NAL will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by NAL on behalf of the client. NAL may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

NAL acts as portfolio manager in a wrap fee program sponsored by AE Wealth Management, LLC. A wrap fee program is an investment program where the client pays one stated fee that includes management fees and transaction costs. Clients with accounts in the wrap fee program will receive AE Wealth Management, LLC's separate Wrap Fee Program Brochure. NAL manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts.

### **E. Assets Under Management**

NAL has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 112,829,579	\$0	September 2023

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management, Financial Planning and Selection of Other Advisers Fees*

Total Assets Under Management	Total Annual Fees
\$0 - \$1,000,000	1.5%
\$1,000,001 - \$2,000,000	1.4%
\$2,000,001 – And Up	1.25%

When selecting model portfolios for client assets, NAL will receive at least 1% of the total annual fee with the remainder paid to AE Wealth Management. For example, a client with total assets under management between \$1,000,001 - \$2,000,00 will pay an annual fee of 1.4%. NAL would receive 1.05% and AE Wealth Management will receive 0.35%

The annual fee is calculated based on the average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

The annual fee is negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of the fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### B. Payment of Fees

#### *Payment of Portfolio Management, Financial Planning and Selection of other Advisers Fees*

Asset-based portfolio management fees and Financial Planning fees are withdrawn directly from the client's accounts by AE Wealth Management with client's written authorization on a monthly basis. Fees are paid monthly in arrears.

### C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by NAL except that clients in the AE Wealth Management wrap fee program

will not separately pay transaction fees. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### **D. Prepayment of Fees**

NAL collects its fees in arrears. It does not collect fees in advance.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither NAL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

NAL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7: Types of Clients**

NAL generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

There is no account minimum for any of NAL's services.

### **Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss**

#### **A. Methods of Analysis and Investment Strategies**

##### *Methods of Analysis*

NAL's methods of analysis include Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.



**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

### *Investment Strategies*

NAL uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include

but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Selection of Other Advisers:** NAL's selection process cannot ensure that third party advisers will perform as desired and NAL will have no control over the day-to-day operations of any selected third-party advisers. NAL would not necessarily be aware of certain activities at the underlying third-party adviser level, including without limitation a third party advisers engaging in unreported risks or regulatory breaches or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price

fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF’s shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Venture capital funds** invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

Neither NAL nor its management persons have any criminal or civil actions to report during the previous ten years.

### **B. Administrative Proceedings**

Neither NAL nor its management persons have any administrative proceedings to report during the previous ten years.

### **C. Self-regulatory Organization (SRO) Proceedings**

Neither NAL nor its management persons have any self-regulatory organization proceedings to report during the previous ten years.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither NAL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither NAL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Supervised persons of NAL are independent licensed insurance agents, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. NAL always acts in the best interest of the client; including the sale of commissionable products

to advisory clients. Clients are in no way required to utilize the services of any representative of NAL in connection with such individual's activities outside of NAL.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

NAL may select model portfolios managed by third-party investment advisers for all or a portion of the client's assets. NAL's fee does not vary depending on the model portfolio and third-party adviser selected for the client's assets. NAL will ensure that all selected advisers are registered or notice filed as required by any state.

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

#### **A. Code of Ethics**

NAL has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws & Regulations, Procedures/Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. As required by SEC rule 206(4)-7, NAL staff has an annual compliance training and review of the company's policies and procedures manual which includes the Code of Ethics. Typically, our compliance review meeting is held in Q2 and then interim reviews with any updates are communicated during weekly meetings. NAL's Code of Ethics is available free upon request to any client or prospective client and is also posted on our website under the "About Us" section ([www.networthadvisorsllc.com](http://www.networthadvisorsllc.com)).

#### **B. Recommendations Involving Material Financial Interests**

NAL does not recommend that clients buy or sell any security in which a related person to NAL or NAL has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of NAL may buy or sell securities for themselves that they also recommend to clients (excluding investments in AE models). This may provide an opportunity for representatives of NAL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. NAL will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of NAL may buy or sell securities for themselves at or around the same time as clients (excluding investments in AE models). This may provide an opportunity for representatives of NAL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, NAL will never engage in trading that operates to the client's disadvantage if representatives of NAL buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on NAL's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and NAL may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in NAL's research efforts. NAL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

NAL will require clients to use Fidelity Brokerage Services LLC.

#### **1. *Research and Other Soft-Dollar Benefits***

NAL does not receive research or any benefits other than execution from a broker-dealer in connection with client securities transactions

#### **2. *Brokerage for Client Referrals***

NAL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

NAL will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

NAL does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for NAL's advisory services provided on an ongoing basis are reviewed at least Annually by client's assigned advisor, with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of NAL's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

NAL has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides NAL with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like NAL in conducting business and in serving the best interests of their clients but that may benefit NAL.



Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables NAL to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to NAL, at no additional charge to NAL, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by NAL (within specified parameters).

As a result of receiving such services for no additional cost, NAL may have an incentive to continue to use or expand the use of Fidelity's services. NAL examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of NAL's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the NAL determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but to whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although NAL will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by NAL will generally be used to service all of NAL's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. NAL and Fidelity are not affiliates, and no broker-dealer affiliated with NAL is involved in the relationship between NAL and Fidelity.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

NAL does not directly or indirectly compensate any person who is not advisory personnel for client referrals. If this should change in the future, all such referral activities will be conducted in accordance with Rule 206(4)-1 under the Advisers Act, where applicable.

## **Item 15: Custody**

NAL does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements.



## **Item 16: Investment Discretion**

NAL provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, NAL generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

NAL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

NAL neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither NAL nor its management has any financial condition that is likely to reasonably impair NAL's ability to meet contractual commitments to clients. In 2020, the application for the Paycheck Protection Program as a result of the coronavirus CARES Act was only applied for as a small business during economic uncertainty posed by Covid-19 and used for payroll of non-advisory employees.

### **C. Bankruptcy Petitions in Previous Ten Years**

NAL has not been the subject of a bankruptcy petition in the last ten years.