

# DISCLOSURE BROCHURE

## Nova Wealth Management, Inc.

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This brochure provides information about the qualifications and business practices of Nova Wealth Management, Inc.. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 239-444-1794. 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 Nova Wealth Management, Inc. (CRD #169450) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**SEPTEMBER 6,  
2024**

## Item 2: Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Annual Update

The material changes in this brochure from the last annual updating amendment of Nova Wealth Management on 03/17/2023 are described below. Material changes relate to Nova Wealth Management's policies, practices or conflicts of interests.

- Nova Wealth Management updated Items 4 & 5 to disclose management services for held-away assets through Pontera.
  - Nova Wealth Management has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.
  - Nova Wealth Management no longer uses the custodian TD Ameritrade. (Items 12 & 14)
  - Nova Wealth Management has added the custodian Fidelity Brokerage Services LLC. (Item 12)
  - Custody due to Standing Letters of Authorization (Item 15)
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### Full Brochure Available

This Firm Brochure being delivered is the complete brochure for the Firm.

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## Item 4: Advisory Business

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### **Firm Description**

Nova Wealth Management, Inc. (“NWM”) was founded in 2012 and began offering investment advisory services in 2013. James P. Novakovich, III and Amy C. Novakovich are co-owners.

NWM provides personalized confidential financial planning and investment management to primarily individuals, high net worth individuals, small businesses and corporations. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and legacy planning.

NWM is a fee based financial planning and investment management firm. Certain investment advisor representatives of NWM also sell annuities and insurance products for a separate yet typical commission.

NWM does not act as a custodian of client assets.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement, risk analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. Conflicts of interest will be disclosed to the client in the event they should occur.

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### **Types of Advisory Services**

NWM provides investment supervisory services, also known as asset management services and furnishes financial planning and investment advice through consultations.

#### ASSET MANAGEMENT

NWM offers discretionary direct asset management services to advisory clients. NWM will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize NWM discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### MANAGEMENT SERVICES FOR HELD-AWAY ASSETS – PONTERA

NWM will be offering management services for held-away assets through Pontera. We provide an additional service for accounts not directly held in our custody, but where we do have discretion, and may leverage an Order Management System to implement tax-efficient asset location and opportunistic rebalance strategies on behalf of the client. These are primarily 401(k) accounts, HSA's, and other assets we do not custody. We regularly review the available investment options in these accounts, monitor them, and

rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

#### RETIREMENT PLAN CONSULTING SERVICES

NWM offers consulting services to retirement plan sponsors in some or all of the following areas as agreed upon between the plan sponsor and NWM in the written consulting services agreement.

- Service Provider Liaison – act as a liaison between the plan and its service providers, product sponsors and vendors based solely on the instructions from the plan on investment and administrative matters. NWM will not exercise judgment or discretion with regard to these matters
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. All decisions regarding investment options to be made available to plan participants for purchase are the responsibility of the plan sponsor
- 404(c) Assistance – assist plan in identifying investment options under the “broad range” requirement of ERISA 404(c)
- Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA
- Education Services to Plan Sponsor – provide training to members of the plan sponsor or any investment committee with regard to their services, including education with respect to their fiduciary responsibilities
- Participant Enrollment – assist and/or provide resources to assist the plan in enrolling plan participants in the plan, including facilitating agreed upon enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of preretirement withdrawals on retirement income
- Participant Education – facilitate individual or group investment education meetings for plan participants providing information about investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification and risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. This will not include individualized investment advice for a particular participant
- Changes in Investment Options – assist in making changes to investment options under the plan upon the plan sponsor’s direction. NWM will have no discretion over the changes made or be involved in trade execution

- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, finalist interview and conversion support
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contribution levels to data from the plan’s prior years and/or similar plans
- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, participant communication and/or other services provided

The plan sponsor is responsible for determining whether or not to implement any recommendations provided by NWM. NWM does not take discretion with respect to plan assets and NWM does not provide individualized advice to participants in the plan.

### FINANCIAL PLANNING AND CONSULTING

Financial planning is where you help clients plan for the future. Some examples might be:

1. To solve for a number they wish to have in retirement. This requires developing a savings plan to hit that number along with a portfolio with risk and return estimates
2. To ensure they don’t run out of money by helping with budgeting, cash flow, investment management and/or risk management
3. Planning for a large expense that may be coming in the future
4. Tax planning such as capital gains management or retirement plan contribution maximization.

If financial planning services are applicable, the client will compensate NWM on an hourly fee basis described in detail under “Fees and Compensation” section of this brochure. Services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. If a conflict of interest exists between the interests of the investment advisor and the interests of the client, the client is under no obligation to act upon the investment advisor’s recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through NWM. Financial plans will be completed and delivered inside of sixty (60) days provided NWM has the necessary information from the client.

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

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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### **Wrap Fee Programs**

NWM has discontinued their wrap fee program described in Form ADV Part 2, Appendix 1. Any client in the wrap fee as of February 15, 2021 will be grandfathered in.



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## Client Assets under Management

As of December 31, 2023, NWM has \$ 135440674 .00 under management on a discretionary basis and \$ 16729531 .00 under management on a non-discretionary basis.

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## Item 5: Fees and Compensation

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### Method of Compensation and Fee Schedule

NWM bases its fees on a percentage of assets under management and hourly charges.

#### ASSET MANAGEMENT

NWM offers discretionary direct asset management services to advisory clients. Fees will vary depending on the investment in the portfolio. Clients shall pay an annual advisory fee for each account based on total assets under management. The Annual Blended Advisory Fee Schedule is below:

<b>\$0.00 - \$250,000.00</b>	<b>1.5%</b>
<b>\$250,000.00 - \$500,000.00</b>	<b>1.2%</b>
<b>\$500,000.00 - \$1,000,000.00</b>	<b>1.05%</b>
<b>\$1,000,000.00 - \$3,000,000.00</b>	<b>0.90%</b>
<b>\$3,000,000.00 - \$5,000,000.00</b>	<b>0.75%</b>
<b>\$5,000,000.00+</b>	<b>0.60%</b>

Example of how fees are calculated below:

Annual Rate (%)	Amount		
0.00	250,000.00	1.5000	937.50
250,000.00	500,000.00	1.2000	750.00
500,000.00	1,000,000.00	1.0500	1,312.50
1,000,000.00	1,289,334.11	0.9000	651.00

### **Management Fee 3,651.00**

Lower fees for comparable services may be available from other sources. The amount of the fees will be as agreed upon between NWM and the client within the Investment Advisory Agreement. If Charles Schwab or Fidelity is the custodian, the fee is billed quarterly in advance based on the value of assets managed as of the last business day of the previous quarter. Initial fees for partial quarters are pro-rated. If Interactive Brokers is the custodian, fees are calculated daily based on the account's market value, including cash holdings, and charged quarterly in arrears. The annual fee is paid to and retained by NWM and the advisory representatives.

Advisory fees are either, (1) calculated by and deducted from the clients' account by the account's custodian, based upon written instructions from the client, or (2) calculated by

NWM and deducted from the client's account by the custodian, based upon written authorization from the client and written instructions from NWM. For situations where the custodian is responsible for calculating and deducting the fee, NWM does not have an arrangement under which it is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the investment advisor's instruction to the custodian. For situations where NWM is responsible for calculating the fee and providing instructions to the custodian, NWM intends to use the safeguards required in the Florida Administrative Code, including sending the custodian an invoice of the amount of the fee to be deducted from the client's account, and send the client an invoice containing the formula used to calculate the fee, the amount of assets under management on which the fee is based, and the time period covered by the fee.

Nova Wealth Management has a minimum annual fee of \$1,000.00 billed quarterly at the rate of \$250.00 per quarter. This fee applies to any client whose household billing is less than \$250.00 per quarter.

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. For accounts closed mid-quarter, the client will be entitled to a pro rata refund for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

#### MANAGEMENT SERVICES FOR HELD-AWAY ASSETS FEES -PONTERA

All clients engaging in Investment Management Services must either engage in Comprehensive Financial Planning or meet a \$150,000 minimum of assets under management. This fee will be assessed and billed in advance on a quarterly basis. Specifically, the exact amount charged is determined by the account value at the end of the quarter. If the accounts are activated in Pontera mid-quarter, the client will be billed in arrears for the number of days in the prior quarter, as well as the next quarter in advance. The advisory fee is a blended fee and is calculated by assessing the percentage rates using the predefined levels of assets as shown in the above chart and applying the fee to the daily average of the account value or the account value as of the last day of the previous quarter (per the paragraph above), resulting in a combined weighted fee. For example, an account valued at \$2,000,000 would pay an effective fee of 1% with the annual fee being \$20,000 (a quarterly fee of \$5,000). Investment management fees are generally directly debited on a pro rata basis from client accounts. The exception for this is directly-managed held-away accounts, such as 401(k)'s. As it is impossible to directly debit the fees from these accounts, those fees will be assigned to the client's taxable accounts on a pro-rata basis. If the client does not have a taxable account, those fees will be billed directly to the client. Accounts initiated or terminated during a calendar quarter, the client will be reimbursed for the number of days in the quarter the NWM was not managing the account(s). An account may be terminated with written notice at least 15 calendar days in advance. Since fees are paid in advance, a reimbursement to the client will occur within 90 days.

## RETIREMENT PLAN CONSULTING SERVICES

Fees for services will be billed based a percentage of plan assets in the amount agreed upon between NWM and the plan sponsor in the written consulting services agreement. Fees generally have a maximum fee of 1.5% annually, and are negotiable between NWM and the plan sponsor. The level of fees will be set based upon the scope, nature and complexity of the services selected by the plan sponsor, the number of participants in the plan, and the overall size of the plan. Fees may be paid directly by the plan sponsor or out of plan assets by a service provider or other third party, as authorized by the plan sponsor. The fee is shared between NWM and its advisors.

## FINANCIAL PLANNING and CONSULTING

NWM charges an hourly fee of \$250 for financial planning. Prior to the planning process the client will be provided an estimated plan fee. The services include, but are not limited to, a thorough review of all applicable topics including Cash Flow Analysis and Budgeting, Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. Client will pay half of the estimated fee at the signing of the agreement with the balance due upon delivery of the completed plan. Services are completed and delivered inside of sixty (60) days provided NWM has the necessary information from the client. Client may cancel within five (5) business days of signing Agreement for a full refund. If the client cancels after five (5) business days, any unearned fees will be refunded to the client, or any unpaid earned fees will be due to NWM.

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### **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning the client pays the fee before the three-month period has started. As stated above, the fees are deducted from the client accounts by the account's custodian. The client must authorize the custodian in advance to deduct the fee from their investment account.

Fees for financial plans are billed 50% in advance with the balance due upon plan delivery.

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

NWM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar

amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

Investment management fees are billed quarterly in advance.

Financial planning fees will be billed half of the estimated fee at the signing of the agreement with the balance due upon delivery of the completed plan.

If the client cancels after five (5) business days, any unearned fees will be refunded to the client, or any unpaid earned fees will be due to NWM.

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### **External Compensation for the Sale of Securities to Clients**

NWM does not receive any external compensation for the sale of securities to clients, but certain investment advisor representatives of NWM receive commissions for the sale of securities as registered representatives of unaffiliated broker-dealers. Such commissions are not received in connection with securities transacted within asset management portfolios.

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### **Rollovers**

There is a conflict of interest regarding rollovers for a client that is a plan participant in an employer-sponsored retirement plan. Upon reaching a distribution event, a plan participant may decide to liquidate and withdraw funds from their employer-sponsored retirement plan account and rollover the proceeds into an IRA. In the event of an existing relationship with NWM, it would not be unusual for the plan participant to request the assistance of NWM. A conflict of interest exists because NWM will be compensated only if the plan participant rolls over the proceeds into an IRA that is then managed by NWM. As a result, it can be construed that NWM has a financial incentive to recommend one option over another. Therefore, a plan participant should include in his/her decision making process, a thorough review of all options presented when reaching a distribution event; for example (i) remain invested under the employer-sponsored retirement plan (if available), (ii) transfer retirement plan assets to a new employer-sponsored retirement plan (if available), (iii) transfer retirement plan assets to an IRA with a financial institution, or (iv) withdraw assets directly which would be subject to federal and applicable state and local taxes and possibly subject to the IRS penalty of 10% depending upon the age of the plan participant.

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

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

NWM does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### **Description**

NWM generally provides investment advice to individuals, high net worth individuals, small businesses and corporations

Client relationships vary in scope and length of service.

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### **Account Minimums**

NWM has a \$250,000 account minimum, but reserves the right to waive the minimum at its discretion.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis and/or technical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

With respect to retirement plan consulting services, NWM strives to recommend diversified investment alternatives that retirement plan sponsors may consider for investment or make available to plan participants.

When creating a financial plan, NWM utilizes fundamental and technical analysis to provide review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, Rueters, client documents including, but not limited to tax returns and insurance policies.

In developing a financial plan for a client, NWM's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

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### **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

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## Security Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with NWM:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Option Risk:* The risk with option buying are the risk of losing your entire investment in a relatively short period of time and losing your entire investment as the option runs out of the money and as expiration nears. The risk with option selling are options sold may be exercised at any time before expiration and

forgoing the right to profit when the underlying stock rises above the strike price of the call option sold.

- *Margin Risk:* Margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as a creditor, will have the authority to liquidate all or part of the account to repay any portion of a margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on performance reports.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Broker-Dealer or Representative Registration**

Certain investment advisor representatives of NWM are also registered representatives of a broker-dealer. The outside business activity for each investment advisor representative is disclosed in their Form ADV Part 2B supplement to this brochure.

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### **Futures or Commodity Registration**

Neither NWM nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Certain investment advisor representatives of NWM are also licensed insurance agents. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of NWM are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. NWM addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. NWM periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment

objectives rather than on the receipt of any commissions or other benefits. NWM will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service 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 conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by NWM's supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

This represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by the fact that investment advisor representatives have a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another broker-dealer of their choosing.

As a result of the relationship with PKS, PKS will have access to certain confidential information (for example, financial information, investment objectives, transactions and holdings) about NWM's clients, even if the client does not establish any account through PKS. If you would like a copy of PKS' privacy policy, please contact NWM to request a copy.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonable expected to impair the rendering of unbiased and objective advice.

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## **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

NWM does utilize the services of Third Party Money Managers to manage client accounts.

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

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### **Code of Ethics Description**

The employees of NWM have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of NWM employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of NWM. The Code reflects NWM and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow



any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

NWM's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of NWM may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

NWM's Code is based on the guiding principle that the interests of the client are our top priority. NWM's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

NWM and its employees do not recommend to clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

NWM and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as trading ahead of client transactions, employees are required to disclose all reportable securities accounts and transactions and are required to hold all these accounts at Charles Schwab or Fidelity unless granted an exception, prior to hire or account opening, in writing by the CCO.

The Chief Compliance Officer of NWM is Amy C. Novakovich, CFP®, CRPC®. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

NWM does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions and accounts as mentioned above.

The Chief Compliance Officer of NWM is Amy C. Novakovich, CFP®. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

## **Item 12: Brokerage Practices**

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### **Selection of Broker-Dealer or Custodian for Client Transactions**

NWM recommends the use of the custodian, Charles Schwab & Co., Inc. Advisor Services, Interactive Brokers (“IB”) or Fidelity Brokerage Services LLC as the custodian and broker/dealer to execute transactions for asset management accounts. NWM will recommend the broker/dealer based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. NWM relies on the broker/dealer to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees and execution charges in addition to the advisory fee charged by NWM. NWM does not receive any portion of the custodial fees or transaction fees. The final selection of the custodian and executing broker/dealer will be made by the client.

Investment advisors who provide asset management on a discretionary basis have a fiduciary obligation of best execution. The determination of what constitutes best execution and price in the execution of a securities transaction by a broker/dealer involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the client account, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker/dealer, the value of an ongoing relationship with such broker/dealer and the financial strength and stability of the broker/dealer.

NWM receives support services and/or products from the custodians, many of which assist NWM to better monitor and service client accounts. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the followings:

- Investment-related research
- Pricing information and market data
- Software and other technology that provide access to client account data
- Compliance and/or practice management-related publications
- Consulting services
- Attendance at conferences, meeting, and other education and/or social events
- Marketing support
- Computer hardware and/or software
- Other products used by NWM in furtherance of the firm’s investment advisory business operations

These support services are provided to NWM based on the overall relationship between NWM and the custodian. It is not the result of soft dollar arrangements or any other express arrangements with the custodian that involves the execution of client transactions as a condition to the receipt of services. NWM will continue to receive the services regardless of the volume of client transactions executed with a particular custodian.

Within retirement plan consulting services, NWM may assist with investment recommendations to the retirement plan sponsor. This could include research and recommendations, for consideration and selection by the plan sponsor, of specific investments to be held in the plan, or in the case of a participant-directed defined contribution plan, to be available as an investment option under the plan. The plan sponsor is responsible for the selection of any vendor, broker/dealer or custodian for plan assets, and is responsible for placing any transactions deemed appropriate.

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### **Aggregating Securities Transactions for Client Accounts**

NWM is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other clients of NWM. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis. NWM may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the availability of such services through the executing broker/dealer and custodian. If transactions are not aggregated when it is possible to do so, some clients purchasing or selling securities around the same time may receive a less favorable price than other clients. This means that the practice of not aggregating may cost clients more money.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed regularly by the Chief Compliance Officer of NWM. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the account's custodian. For accounts held at Charles Schwab or Fidelity, client receives confirmations of each transaction in the account (except for systematic purchases and withdrawals) from the custodian and an additional account statement during any month in which a transaction occurs. For accounts held at

IB, the client will not receive copies of confirmations or monthly statements unless elected by the client in writing with the custodian, and the imposition of a fee charged by the custodian. Copies of confirmations and monthly statements are available to clients online through IB for no additional charge. For accounts held at Charles Schwab & Co., Inc. Advisor Services or Fidelity, Clients will receive a monthly account statement detailing positions and activity in their account during the preceding month. The statement will include a summary of all transactions made on their behalf, all contributions and withdrawals made to or from their account, all fees and expenses charged to their account, and the value of your account at the beginning and end of the period. The client will also receive a separate confirmation of each transaction, unless they elect to receive a quarterly report containing confirmation information for trades occurring during that calendar quarter.

Clients have access to performance reports through NWM's client portal. For retirement plan consulting services, in certain circumstances plan sponsors receive periodic statements or reports from the record keeper. These reports do not take the place of statements provided by the account's custodian.

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

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### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Charles Schwab & Co., Inc. Advisor Services provides NWM with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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. For NWM client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to NWM other products and services that benefit NWM but may not benefit its clients' accounts. These benefits may include national, regional or NWM specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of NWM by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist NWM

in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of NWM's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of NWM's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to NWM other services intended to help NWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to NWM by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to NWM. NWM is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

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### **Advisory Firm Payments for Client Referrals**

NWM may retain third parties to act as solicitors/promoters for NWM's investment management services. Compensation with respect to the foregoing will be fully disclosed to each client to the extent required by applicable law. NWM will ensure each solicitor/promoter is properly exempt or registered in all appropriate jurisdictions.

## **Item 15: Custody**

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### **Custody and Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to review the account statements received directly from their custodians.

When advisory fees are deducted directly from client accounts at client's custodian, NWM will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, NWM will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Ensure that the custodian is sending account statements to clients at least quarterly that show all transactions in the account, including the fee deduction.

On February 21, 2017, the SEC issued a no-action letter ("Letter") with respect to Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who

has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Clients will receive all account statements that are required by the regulators, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from NWM.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

NWM accepts discretionary authority to manage securities accounts on behalf of clients. NWM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, NWM consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. NWM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

NWM does not exercise any discretionary authority when providing retirement plan consulting services.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

NWM does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, NWM will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because NWM does not serve as a custodian for client funds or securities and NWM does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

NWM has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither NWM nor its management has had any bankruptcy petitions in the last ten years.