



**Form ADV Part 2A - Disclosure Brochure**

Effective: June 30, 2020

This Disclosure Brochure provides information about the qualifications and business practices of Nelson Securities, Inc. (“NSI”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (800) 345-7593 or by email at [sgibson@nelsonsecurities.com](mailto:sgibson@nelsonsecurities.com).

NSI is a Registered Investment Advisor with the U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about NSI to assist you in determining whether to retain the Advisor.

Additional information about NSI is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Nelson Securities, Inc. SEC File Number # 801-41346 CRD # 14377

**Item 2 - MATERIAL CHANGES**

NSI believes that communication and transparency are the foundation of our relationship and continually strive to provide you with complete and accurate information at all times. We encourage all current and prospective investors to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

**Material Changes**

There are no material changes since the last filing and distribution of this Disclosure Brochure. Assets under management have been updated. Please see Item 4.

**Future Changes**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of NSI.

You may view the current Disclosure Brochure online at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You may also view this Disclosure Brochure on our website: [www.nelsonsecurities.com](http://www.nelsonsecurities.com) at any time, or request a copy by contacting us at (800) 345-7593 or [nelsonsecurities@nelsonsecurities.com](mailto:nelsonsecurities@nelsonsecurities.com).

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## Item 4 - ADVISORY SERVICES

### A. Firm Information

Nelson Securities, Inc., also dba Wealth Asset Managers ("NSI" or "Advisor") is a Registered Investment Advisor ("RIA") with the U.S. Securities and Exchange Commission, which is organized as a corporation and regulated by the State of Washington Department of Financial Institutions. NSI was founded in 1983 as a broker-dealer (Member FINRA and SIPC), is owned by Robert O. Nelson, Jr. and became an RIA in 1992. This brochure provides information regarding the qualifications, business practices, and the advisory services provided by NSI. Our goal is to help you grow your wealth over time regardless of the market environment. As a firm that also believes in the importance of goal-based financial planning in connection with investment management, we feel strongly about being able to offer our Clients of all levels of net worth a dynamic investment solution that can help them excel.

### B. Advisory Services Offered

NSI provides investment management services for individuals, high net worth individuals, families, profit-sharing plans, trusts, estates, and small businesses (each referred to as a "Client"). This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. NSI works with each Client to identify their investment goals and objectives as well as their risk tolerance and financial situation in order to choose the appropriate portfolio allocation.

With regard to Wealth Asset Management ("WAM") accounts, the Investment Policy Committee ("IPC") will meet regularly to review the allocation of each managed account style. The IPC will also review current positions and monitor the prices of the investments, market trends, and trends of the individual investments on a daily basis. During these reviews, a decision to buy, sell or hold current positions is made based on Client's selected management style, current market evaluations and stated account objectives. The foundation of our investment policy is built on the fundamentals of asset allocation, modern portfolio theory and a long-term view of the investment process. The goal of each Managed Account Objective, using proprietary research, methods and strategies, is to maximize reward earned versus risk taken. Employing an institutional-style, multi-asset class and multi-manager approach, we seek to push the boundaries of asset allocation using traditional asset classes with the flexibility to include alternative assets. Alternative assets add a modern element to traditional portfolio structure and asset allocation and can provide additional diversification and downside risk protection, particularly in challenging market environments.

Typically, NSI's services are limited to providing professional management of assets for its Clients in accordance with its investment management theories, principles and philosophy. NSI does not provide financial planning services, nor does it provide investment supervisory services, as that term is defined in the Investment Advisers Act of 1940. It does, however, publish a quarterly Investment Newsletter for its Clients. NSI invests its WAM account managed assets predominantly in high quality, open-ended no-load mutual funds. Institutional and advisor-only shares are primarily used to benefit account holders with lower expenses. Low-cost Loaded Funds at Net Asset Value (NAV...no charge) may also be used. Short-term redemption fees may apply and paid by Client, but are actively avoided. Closed-ended Mutual Funds, and Exchange Traded Funds (ETFs) may be used as well; these funds trade like stocks for purchase and sale.

### C. Client Account Management

Prior to engaging NSI to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement that defines the terms, conditions, authority and responsibilities of both Advisor and Client. The Investment Advisory Agreement with Advisor is non-transferable.

Establishing an Investment Policy Statement – An Investment Policy Statement generally includes specific information on Client's stated goals, time horizon for achieving the goals, investment strategies, Client risk tolerance and any restrictions imposed by Client.

Client completion of the NSI Confidential Investor Profile and Investor Questionnaire identifies Client's financial situation, general investment style, risk tolerance and portfolio objective to determine the suitability of a particular Managed Account Objective. Client's initial interview is performed by an Investment Advisor Representative ("IAR") prior to establishing an account and there will be no fee for this initial consultation or preliminary investment recommendations. Additional contact may be necessary depending on Client's financial situation and investment experience.

Asset Allocation – NSI through the IPC has developed several strategic asset allocation model portfolios that are targeted to meet the investment objectives and risk tolerance for each Client with regard to investment suitability, personal investment style and other submitted data. The IPC periodically rebalance the securities in the model portfolios based on market and other economic conditions. Rebalancing review and implementation is performed by the IPC through a calendared/systematic approach to conducting its reviews.

Clients may choose change their investment allocation model or may be recommended to do so by their IAR. However, because frequent trading in exchange traded funds (ETFs) and mutual funds can adversely affect the performance of the fund, some of the fund companies have placed restrictions regarding frequent trading. Due to these restrictions, NSI must limit the frequency of model changes per account to once in a 90 day calendar period. Standard withdrawals, contributions and distributions are not included in the policy. Additionally, this policy complies with the 30-day IRS wash sale rule for buybacks for tax-loss purposes in taxable accounts, as well as helps protect Clients from emotional short-term trading decisions and maintain focus on the long-term, while also maintaining our ability to provide a low-cost, level-fee, professional managed investment account.

Investment Management and Supervision – If Client requests that their account be managed by NSI, the submitted financial profile and a summary of the initial interview must be reviewed by David A. Vose or Jeffery S. Miller to be accepted for WAM accounts. NSI will provide investment management and ongoing oversight of Client's portfolio. Individual accounts will be reviewed regularly for allocation consistency, or more frequently if dictated by trading activity.

### D. Wrap Fee Program

NSI does not manage or actively place Client assets into a wrap fee program. Investment management services are provided directly by NSI. (\*Exceptions are SEI/Brinker taxable accounts that were opened due to the closing of Curian Capital, LLC in 2016 to prevent unnecessary tax implications.)

### E. Assets Under Management

As of June 30, 2020, the most recent date for which such calculations are provided pursuant to securities regulations, NSI manages the following assets:

Discretionary Assets	\$149,475,446
Non-Discretionary Assets	\$10,945,321
<b>Total</b>	<b>\$160,420,767</b>

You may request more current information at any time by contacting NSI.

## Item 5 - FEES AND COMPENSATION

### A. Fees for Advisory Services

Investment advisory fees are based on the market value of assets under management at the end of each monthly period and are limited to 2.5% annually depending on the size and complexity of the Client relationship. Investment advisory fees are paid monthly, in advance, pursuant to the terms of the Investment Advisory Agreement. The period commences with the first day of the month following the initiation of the Investment Advisory Agreement and continues until termination. Fees may be negotiable at the discretion of NSI. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by NSI will be independently valued by the designated custodian, TD Ameritrade Intuitional Services ("TDA"). NSI will not have the authority or responsibility to value portfolio securities.

### B. Fee Billing

Investment advisory fees will be automatically deducted from Client account by the custodian. NSI will send an electronic request to the custodian indicating the amount of the fees to be deducted from the account. The amount due is calculated by applying the monthly rate (annual rate divided by 12) to the total assets under management with NSI at the end of each monthly period. Clients will be provided with a monthly statement from the custodian reflecting deduction of the investment advisory fee. Clients provide written authorization permitting NSI to be paid directly from their accounts as part of the Investment Advisory Agreement and separate account forms provided by TDA. Additional deposits made during any month will not be assessed a (pro-rated) fee, nor will paid fees be adjusted for partial withdrawals during any month.

### C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third-parties, other than NSI; in connection with Clients account activity and maintenance.

NSI invests deposits and generates funds for withdrawal on Tuesday of each non-holiday week for WAM accounts. Orders are placed on an omnibus basis so Clients do not pay any securities transaction costs for trades executed through the custodian on Tuesdays. However, requests for purchases or liquidations on a non-Tuesday will be charged 100% of the trading costs (\$25 per position) to Client. Placing trades on an omnibus basis allows for more efficient and cost effective transactions for Client.

TDA currently assesses a quarterly custodial fee. Custodial fees will be deducted during the first month of each calendar quarter based on each account active on the last business day of the preceding quarter from Client account. The compensation charged by NSI is separate and distinct from these custodian and execution fees.

<b>Custodial Fees</b>	\$75/ year
<b>Omnibus Transaction Fees</b>	\$0 Tuesday (\$25 per fund on non-Tues)
<b>Other Fees</b>	The custodian may charge a transfer out fee up to \$100 per account for transfers out by either ACAT or Non-ACAT, to be paid by Client.

Client could invest in these products directly, without the services of NSI, but would not receive the services which are designed, among other things, to assist Client in determining which products or services are most appropriate to each Client's financial condition and objectives. Accordingly, Client should review both the fees charged by the fund(s) and the fees charged by NSI to fully understand the total fees to be paid.

### D. Advance Payment of Fees and Termination

NSI is compensated for its services in advance the month in which investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with NSI by providing verbal or written notice. Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon the effective date of termination, NSI may refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the monthly period. On WAM accounts only, NSI will assess an \$85 Termination Fee to account closures requiring liquidation to offset trading costs paid by Advisor. Standard Liquidation Procedures (Tuesdays of each non-holiday week) will be implemented following receipt of account closure request. 100% Transfer-in-Kind of account positions via ACAT transfer to new custodian can be initiated any business day and NSI will not charge a Termination Fee provided no liquidations are required. Client will owe no fee if this Agreement is terminated within five (5) business days of its initial effective date (account still subject to market volatility).

### E. Compensation for Sales of Securities

NSI does not receive any compensation for securities transactions in any WAM accounts, other than the investment advisory fees noted above.

## Item 6 - PERFORMANCE-BASED FEES

NSI does not charge performance-based fees for its investment advisory services. The fees charged by NSI are as described in Item 5 and are not based upon the capital appreciation of the funds or securities held by any Client. NSI does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

## Item 7 - TYPES OF CLIENTS

NSI provides investment advisory services to the following types of Clients:

- Individuals, Personal Trusts and Estates – private investors, investing their personal assets
- Pension and Profit Sharing Plans – retirement plan sponsors or company plans
- Corporations and Businesses – taxable business entities, investing cash reserves
- Non-Profit Organizations including public charities and private foundations - tax exempt, investing donations

The relative percentage each type of Client is available on NSI's Form ADV Part 1. These percentages will change over time. NSI generally requires a minimum account size of \$25,000 to effectively implement its investment process.

## Item 8 - METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Method of Analysis

NSI practices both fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

## **B. Investment Strategies**

NSI uses a combination of investment strategies designed to take advantage of market opportunities; these include primarily long term purchases (securities held at least a year), and secondarily short term purchases (securities sold within a year), trading (securities sold within thirty days) and those that may benefit from negative trends in the market (stock, bond and other asset classes) such as inverse mutual funds and mutual funds that can short-sell. The IPC will determine appropriate mutual fund investments and Exchange Traded Funds (ETFs) and the time to buy or sell selected investments based on traditional asset classes (equity market capitalization (Large/Mid/Small-cap), domestic & foreign (developed and emerging) and investment style (Value/Growth/Blend), bond maturity, credit quality, domestic & foreign (developed and emerging)), Alternative asset classes (funds that offer hedging capability (arbitrage, market neutral, long-short, inverse funds and those that can short-sell), currencies, commodities, Real Estate Investment Trusts), valuation (technical & fundamental), current interest rates, moving averages and momentum rankings. Like all investment plans, NSI's investment strategy is not an exact science and may include variations in its application and timing. In addition, the selection and precise timing of the various available investment moves could be open to diverse interpretation. Dollar cost averaging and capital gains tax strategies may be employed on case by case basis.

## **C. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. NSI will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals. Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. NSI shall rely on the financial and other information provided by Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of Client to inform NSI of any changes in financial condition, goals or other factors that may affect this analysis. NSI primarily employs investment strategies that do not involve any significant or unusual risk other than domestic equity and international market risks. The risks associated with a particular strategy are provided to each Client in advance of investing. NSI will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

ETFs and Closed-end Funds (CEFs) trade on an exchange and have a current market price as well as an NAV (Net Asset Value), which reflects the value of the underlying securities in the ETF/CEF. ETF and Closed-end Fund (CEF) Prices regularly trade at a Premium or Discount to the Net Asset Value (NAV) over time. When the price is trading above the NAV, the ETF/CEF is trading at a "premium" and when the price is trading below the NAV, the ETF/CEF is trading at a "discount." In normal market conditions, Premiums or Discounts tend to be narrow. During volatile times, Premiums or Discounts may widen in the short-term due to market sentiment creating supply and demand price discrepancies with the NAV, typically due to the third-party pricing mechanisms for the underlying securities that make up the NAV and the creation/redemption process of ETFs. Time Zone discrepancies of the underlying securities can also impact Premiums or Discounts, particularly in volatile times. While wide Premiums or Discounts may remain for a period of time, they tend to be short-lived due to arbitrage and calming of markets. **INVESTMENTS ARE NOT FDIC OR NCUA INSURED, NOR ARE THEY DEPOSITS OF OR GUARANTEED BY A BANK OR CREDIT UNION OR ANY OTHER ENTITY. MAY LOSE VALUE.**

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with Advisor. For more information on our investment management services, please contact us at (800) 345-7593 or [nelsonsecurities@nelsonsecurities.com](mailto:nelsonsecurities@nelsonsecurities.com).**

## **Item 9 - DISCIPLINARY INFORMATION**

**There are no legal, regulatory or disciplinary events involving NSI or any of its employees.** NSI values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **14377** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

## **Item 10 - OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

Certain IARs are also registered representatives of NSI as a registered broker/dealer. In their separate capacity as registered representatives, the IAR will typically receive commissions for the implementation of recommendations for such transactions. Clients are not obligated to implement any recommendation provided by the IAR. Neither Advisor nor its IARs will earn investment advisory fees in connection with any services implemented in their separate capacity as a registered representative where commissions are also earned. NSI is also registered with the Municipal Securities Rulemaking Board required for the sale of 529 college savings plans.

## **Item 11 - CODE OF ETHICS**

NSI has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with NSI. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to our Clients. NSI owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of all NSI personnel to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code.

The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. NSI has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (800) 345-7593 or [nelsonsecurities@nelsonsecurities.com](mailto:nelsonsecurities@nelsonsecurities.com).

## **Personal Trading and Conflicts of Interest**

NSI allows its employees to purchase or sell the same securities that may be recommended on behalf of Clients. Owning the same securities we recommend to Clients presents a potential conflict of interest that, as fiduciaries, we must disclose and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting

procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. **At no time, will NSI or any personnel of NSI, transact in any security to the detriment of any Client.**

#### **Other Potential Conflicts Of Interest**

NSI will devote as much of its time to the activities of Client as it deems necessary to act in a fiduciary capacity and in the best interest of Client. Advisor is not restricted from forming investment partnerships, entering into additional investment management relationships or from engaging in other business activities, even though such activities may be in competition with the Client's affairs and/or may involve substantial time and resources of Advisor.

Because NSI is a registered broker/dealer, as well as an RIA, when developing a suitable portfolio for clients, NSI may utilize securities, mutual funds and annuities (variable, fixed and indexed). In addition, NSI offers life insurance products. NSI also recommends and effects security transactions as an agent for Clients. These general brokerage functions of NSI are distinct and separate from the investment advisor division of NSI. The current advisory relationships and broker/dealer activity, as well as other similar relationships or activities that NSI may establish in the future, create a potential conflict of interest, in that the time and effort of Advisor will not be devoted exclusively to any particular Client's affairs, but will be allocated at Advisor's discretion among all Clients. Furthermore, investment opportunities may be limited and Advisor must attempt to allocate opportunities equitably among its various Clients.

The securities and moneys of a Client will not be commingled with those securities and moneys managed by Advisor on behalf of its other Clients. Advisor will use the same custodian/clearing firm to effect transactions from multiple Clients. In addition, Advisor will not obtain any loan from any Client, will not use the funds of any Client as compensating balances for its own benefit, nor commingle such funds with the funds of any other person. Advisor does not have any participation, or interest, in Client transactions.

### **Item 12 - BROKERAGE PRACTICES**

#### **A. Recommendation of Custodian(s)**

NSI places all trade orders for securities transactions on behalf of Clients solely with the designated custodian and its affiliate, TD Ameritrade Clearing, Inc. NSI clears and settles all Client account trade orders with the custodian on an omnibus basis. Client trade orders are also executed on an agency basis. NSI does not receive any compensation from the Clients, the custodian or third parties in connection with such transactions. NSI seeks to ensure that its Clients receive the best overall execution for securities transactions from the custodian by continuing to monitor and review the best execution capability. When assessing the best execution capability of the custodian, NSI will consider the following factors: execution speed, price improvement versus the national best bid and offer and overall execution quality among other factors.

- Soft Dollar Practices - NSI does not use soft dollar items and has not entered into any soft dollar arrangements
- Brokerage for Client Referrals - NSI does not receive compensation for recommendations of selected broker/dealers
- Directed Brokerage - NSI does not currently permit any of its Clients to direct brokerage.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. NSI will execute its transactions through the custodian. NSI may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker/dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

### **Item 13 - REVIEW OF ACCOUNTS**

#### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by the IPC. Formal reviews are generally conducted at least annually, more or less frequently depending on the needs of Client by the IAR.

#### **B. Causes for Reviews**

Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. Client is encouraged to notify NSI if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

#### **C. Review Reports**

Client will receive monthly account statements from the custodian. These account statements are sent directly from the custodian to Client. Client may also establish electronic access to the custodian's website so that Client may view these reports and their account activity. Client account statements will include all positions, transactions and fees relating to Client's accounts. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

#### **A. Compensation Received by NSI**

NSI does not currently receive any economic benefit from any person who is not a Client for providing investment advice or other advisory services to its Clients.

#### Participation in Institutional Advisor Platform

NSI has established an institutional relationship with TDA to assist the Advisor in managing Client accounts. Access to the custodian's institutional platform is provided at no charge to the Advisor. NSI receives access to software and related support without cost because it renders investment management services to Clients that maintain assets at TDA. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware; however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from TDA: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information. Subscription discounts to various supplemental platforms such as Morningstar Workstation, Advisors Assistant and DocuSign are provided through TDA's Affinity Services Program.

## **B. Client Referrals from Solicitors**

NSI does not engage paid solicitors for Client referrals.

### **Item 15 - CUSTODY**

NSI introduces its Client accounts to a qualified custodian, who clears all transactions with and for Clients on a fully disclosed basis. NSI also promptly transmits all customer funds to the clearing firm which carries all of the accounts of such Clients and maintains and preserves such books and records. NSI has executed a custodial agreement consistent with regulators' requirements and will amend its agreement when necessary.

NSI's advisory fees are debited directly from the Client accounts. Payment of the fees will be made by the qualified custodian who is holding the client's funds and securities. In all such cases, the Client must provide written authorization permitting the fees to be paid directly from their account. NSI will not have access to client funds for payment of fees without Client consent in writing.

The qualified custodian must agree to deliver an account statement at least quarterly directly to the Client, and never through NSI. NSI has access to copies of the statements to be delivered to each Client in order to form a reasonable belief that such statements are delivered to the Client. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

### **Item 16 - INVESTMENT DISCRETION**

To permit Advisor to manage an account, Client gives NSI the authority to determine, without obtaining specific consent on a transaction-by-transaction basis, the type and amount of securities to be bought or sold for the account. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by Client and agreed to by NSI. Discretionary authority will only be authorized upon full disclosure to Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. Client also authorizes directed trading, fee deduction and payment by completing and signing the respective TDA account application. All discretionary trades made by NSI will be in accordance with each Client's investment objectives and goals.

### **Item 17 - VOTING CLIENT SECURITIES**

NSI does not accept proxy-voting responsibility for any Client.

### **Item 18 - FINANCIAL INFORMATION**

Neither NSI, nor its management has any adverse financial situations that would reasonably impair the ability of NSI to meet all obligations to its Clients. Neither NSI, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. NSI is not required to deliver a balance sheet along with this Disclosure Brochure, as the Advisor does not collect advance fees for services to be performed six months or more in advance.