

# Nexus Capital, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Nexus Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (585) 377-2777 or by email at: [dave@ncapco.com](mailto:dave@ncapco.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 Nexus Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Nexus Capital, LLC's CRD number is: 288758.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Nexus Capital, LLC has the following material changes to report since last annual amendment on February 22, 2019. Material changes relate to Nexus Capital, LLC policies, practices or conflicts of interests.

- Item 4 has been updated regarding disclosure of ownership.
- Item 10 has been updated regarding affiliations and conflicts of interest.

## Item 3: Table of Contents

|  |     |
|--|-----|
| Item 1: Cover Page   |     |
| Item 2: Material Changes.....  | ii  |
| Item 3: Table of Contents.....   | iii |
| Item 4: Advisory Business.....   | 5   |
| A. Description of the Advisory Firm.....   | 5   |
| B. Types of Advisory Services.....   | 5   |
| C. Client Tailored Services and Client Imposed Restrictions.....   | 6   |
| D. Wrap Fee Programs.....  | 6   |
| E. Assets Under Management.....  | 6   |
| Item 5: Fees and Compensation.....   | 6   |
| A. Fee Schedule.....   | 6   |
| B. Payment of Fees.....  | 7   |
| C. Client Responsibility For Third Party Fees.....   | 7   |
| D. Prepayment of Fees.....   | 7   |
| E. Outside Compensation For the Sale of Securities to Clients.....   | 7   |
| Item 6: Performance-Based Fees and Side-By-Side Management.....  | 7   |
| Item 7: Types of Clients.....  | 7   |
| Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss.....  | 8   |
| A. Methods of Analysis and Investment Strategies.....  | 8   |
| B. Material Risks Involved.....  | 8   |
| C. Risks of Specific Securities Utilized.....  | 9   |
| Item 9: Disciplinary Information.....  | 11  |
| A. Criminal or Civil Actions.....  | 11  |
| B. Administrative Proceedings.....   | 11  |
| C. Self-regulatory Organization (SRO) Proceedings.....   | 11  |
| Item 10: Other Financial Industry Activities and Affiliations.....   | 11  |
| A. Registration as a Broker/Dealer or Broker/Dealer Representative.....  | 11  |
| B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor..... | 11  |

|  |    |
|--|----|
| C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....                 | 12 |
| D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....                  | 12 |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....                       | 12 |
| A. Code of Ethics .....  | 12 |
| B. Recommendations Involving Material Financial Interests .....  | 12 |
| C. Investing Personal Money in the Same Securities as Clients .....  | 12 |
| D. Trading Securities At/ Around the Same Time as Clients' Securities .....  | 13 |
| Item 12: Brokerage Practices .....   | 13 |
| A. Factors Used to Select Custodians and/or Broker/Dealers.....  | 13 |
| 1. Research and Other Soft-Dollar Benefits.....  | 13 |
| 2. Brokerage for Client Referrals .....  | 14 |
| 3. Clients Directing Which Broker/Dealer/Custodian to Use.....   | 14 |
| B. Aggregating (Block) Trading for Multiple Client Accounts .....  | 14 |
| Item 13: Review of Accounts.....   | 14 |
| A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....  | 14 |
| B. Factors That Will Trigger a Non-Periodic Review of Client Accounts.....   | 14 |
| C. Content and Frequency of Regular Reports Provided to Clients.....   | 15 |
| Item 14: Client Referrals and Other Compensation.....  | 15 |
| A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)..... | 15 |
| B. Compensation to Non - Advisory Personnel for Client Referrals.....  | 16 |
| Item 15: Custody .....   | 16 |
| Item 16: Investment Discretion .....   | 16 |
| Item 17: Voting Client Securities (Proxy Voting) .....   | 16 |
| Item 18: Financial Information.....  | 17 |
| A. Balance Sheet .....   | 17 |
| B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....                | 17 |
| C. Bankruptcy Petitions in Previous Ten Years.....   | 17 |

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Nexus Capital, LLC (hereinafter “NCL”) is a Limited Liability Company organized in the State of New York. The firm was formed in May 2017, and the principal owner is MRM Holdings, LLC, which in turn is owned by Matthew Marino and Theodore Marino.

### B. Types of Advisory Services

#### *Portfolio Management Services*

NCL offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. NCL creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). 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

NCL evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. NCL will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

NCL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of NCL’s economic, investment or other financial interests. To meet its fiduciary obligations, NCL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, NCL’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 NCL’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

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

NCL generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, hedge funds, private equity funds, ETFs (including ETFs in the gold and precious metal sectors),

treasury inflation protected/inflation linked bonds and non-U.S. securities. NCL may use other securities as well to help diversify a portfolio when applicable.

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

NCL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current situation (income, tax levels, and risk tolerance levels). 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**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. NCL does not participate in any wrap fee programs.

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

NCL has the following assets under management:

| <b>Discretionary Amounts:</b> | <b>Non-discretionary Amounts:</b> | <b>Date Calculated:</b> |
|-------------------------------|-----------------------------------|-------------------------|
| \$23,436,367.00               | \$3,010,097.00                    | December 2020           |

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### *Portfolio Management Fees*

| <b>Total Assets Under Management</b> | <b>Annual Fees</b> |
|--------------------------------------|--------------------|
| \$0 - \$500,000                      | 1.50%              |
| \$500,001 - \$3,000,000              | 1.00%              |
| \$3,000,001 – And Up                 | 0.85%              |

NCL uses the value of the account as of the last business day of 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.

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of NCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

## **B. Payment of Fees**

### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid 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 NCL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

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

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

Neither NCL 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**

NCL 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**

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

❖ Charitable Organizations

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

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

NCL's methods of analysis include Fundamental 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.

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

#### *Investment Strategies*

NCL uses long term trading and options trading (including covered options, uncovered options, or spreading strategies).

**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.

**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*

NCL's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those 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.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

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

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

NCL's use of options trading generally holds greater risk of capital loss. 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. 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.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**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.

**Hedge funds** often engage in leveraging and other speculative investment practices that may increase the risk of loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private equity** funds carry certain risks. Capital calls will be made on short notice, and the failure to meet capital calls can result in significant adverse consequences, including but not limited to a total loss of investment.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss

for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**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**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

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

There are no self-regulatory organization proceedings to report.

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

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

Neither NCL 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 NCL 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**

David Piano is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. NCL always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of NCL in such individual's outside capacities.

Matthew Marino works at MRM Insurance Agency, LLC.

Matthew Marino is a member at Lighthouse & Nexus Capital Homes, LLC.

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

NCL will not utilize third-party investment advisers.

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

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

NCL 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 and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. NCL's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of NCL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of

NCL 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. NCL 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 NCL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of NCL 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, NCL will never engage in trading that operates to the client's disadvantage if representatives of NCL 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 NCL'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 NCL 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 NCL's research efforts. NCL will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

NCL will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc.

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

While NCL has no formal soft dollars program in which soft dollars are used to pay for third party services, NCL may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). NCL may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and NCL does not seek to allocate benefits to client accounts proportionate to any soft

dollar credits generated by the accounts. NCL benefits by not having to produce or pay for the research, products or services, and NCL will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that NCL's acceptance of soft dollar benefits may result in higher commissions charged to the client.

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

NCL 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***

NCL 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**

If NCL buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, NCL would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. NCL would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

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

All client accounts for NCL's advisory services provided on an ongoing basis are reviewed at least monthly by David Piano, President, with regard to clients' respective investment policies and risk tolerance levels. All accounts at NCL are assigned to this reviewer.

### **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 NCL's advisory services provided on an ongoing basis will receive a quarterly 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)**

NCL does not receive any economic benefit, directly or indirectly from any third party for advice rendered to NCL's clients.

With respect to Schwab, NCL receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab 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 Schwab Advisor Services. Schwab's services include 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 NCL client accounts maintained in its custody, Schwab 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 Schwab or that settle into Schwab accounts.

Schwab also makes available to NCL other products and services that benefit NCL but may not benefit its clients' accounts. These benefits may include national, regional or NCL specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of NCL by Schwab 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 NCL 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 NCL'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 NCL's accounts. Schwab Advisor

Services also makes available to NCL other services intended to help NCL 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, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to NCL by independent third parties. Schwab 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 NCL. NCL is independently owned and operated and not affiliated with Schwab.

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

NCL does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, NCL will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

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

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

NCL 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**

NCL 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 NCL nor its management has any financial condition that is likely to reasonably impair NCL's ability to meet contractual commitments to clients.

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

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