

Form ADV Part 2 Brochure

April, 2017



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This brochure provides information about the qualifications and business practices of Northwest Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us by phone at 503-597-1616 or by email at service@NWCM.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 Northwest Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Northwest Capital Management, Inc. is 108091.

Northwest Capital Management, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

In the event Northwest Capital Management, Inc. begins to provide advisory services under a verbal agreement and prior to the execution of a written advisory agreement, our agreement to provide you services cannot be assigned by us without the prior consent of the client.

Summary of Material Changes

We have modified this Brochure since its February, 2017 publication to include additional language concerning:

- › The Department of Labor’s Fiduciary Rule,
- › Conflicts of interest;
- › Services we access from Charles Schwab in conjunction with accounts Clients establish there; and,
- › Modifications to our Privacy Policy.

Changes in the February, 2017 Brochure from its June, 2016 publication are summarized as follows:

- › Northwest Capital Management, Inc. (NWCM) is now a Certified B Corp.
- › NWCM has purchased a minority interest in Harbour Investment Management, LLC (“Harbour”), an SEC-registered investment advisor located in Edmonds, Washington. Although the two firms will initially operate as separate businesses, we do contemplate by year end that we will have consolidated our back-office operations. In the interim, each firm expects to leverage the research capabilities of the other when making investment decisions regarding securities owned within their respective client portfolios.
- › NWCM will discontinue its Portfolio Bright® investment services, a “robo” investment capability built on the Institutional Intelligent Portfolio™ platform made available to us by Charles Schwab and Company. In its place, NWCM will offer a proprietary investment service we call Core Portfolio Strategies.
- › NWCM will no longer use a Statement of Investment Policy when managing a Private Client’s assets. Instead, NWCM will report each quarter the “Target Allocation” it is currently pursuing (a decision made in consultation with the Client): the mix of Equity vs. Fixed Income securities. A special report will also detail NWCM’s allocation to various sub-asset classes and compare it to our internal portfolios’ benchmarked allocations.
- › Changes in our fee schedule are detailed.

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ADVISORY BUSINESS

Form ACV Part 2A

Northwest Capital Management, Inc. is a money management firm. We are a dozen-plus people who research investment options, manage Client portfolios, facilitate ERISA governance, undertake personal financial planning, and provide performance reporting—all part of the effort to help investors achieve their investment goals.

Some of our Clients are individuals. Their investment goals include financial security and a comfortable retirement. Clients who are retirement plan sponsors (and plan fiduciaries) want best-of-class investment options, effective participant education, assistance with regulatory compliance and relief from fiduciary liability. Our Institutional Clients have important corporate and charitable objectives to develop, maintain and finance.

NWCM is a Certified B Corporation®. At the time of our certification, we were one of less than 2,000 corporations world-wide who have met the highest standards of verified social and environmental performance, public transparency, and legal accountability, and, most important of all, who aspire to use the power of business to solve social and environmental problems. We in America face a growing social crisis of people without adequate savings to afford a secure retirement. Many of our investor educational efforts will be directed toward helping the uninitiated better understand the challenges, opportunities, and necessity of investing for the future.

The firm was founded by Fred Payne. First working with investors in 1985, Fred increasingly saw the importance of a fee-based advisory business and offered such services exclusively starting in 1990. In April, 1998, Fred incorporated his investment practice as Northwest Capital Management, Inc. (“NWCM”). In 2017, Fred will further divest his ownership in NWCM, to cause Aalok Shah and Brent Petty—members of NWCM’s management team—becoming principal owners in the firm; and to insure long-term NWCM will provide answers to, and solutions for, our Clients’ most basic question: *How do I invest my money to achieve my goals?*

Types of Advisory Services

Without any qualifying statements, Northwest Capital Management, Inc. always acts as a fiduciary in our dealings with Clients.

We provide a wide range of services to three categories of investors:

1. Our Institutional Clients contract with us for such services as asset allocation studies, manager searches, investment management and performance reporting.
2. Retirement Plan Sponsors ask us to help them evaluate their existing service providers, or to undertake a search for new ones. They ask us to evaluate and monitor the Investment Alternatives offered to their plan participants, and we make recommendations about the continued suitability of an Alternative or its replacement. Most often, Plan Sponsors ask us to serve in a legal capacity as an Investment Manager as defined by the Employee Retirement Income Security Act of 1974 ("ERISA"): Retirement Plan Sponsors delegate to us the discretionary authority to identify, monitor and replace their plans' Investment Alternatives. They have us manage Model Portfolios and provide investment education to participants.
3. In addition to investment management, our Private Clients look to us for help with financial planning, a process in which we enumerate and quantify investment objectives. Typical financial objectives include saving enough money for retirement, funding children's college education, and achieving financial independence. Given a combination of time, capital, risk tolerance and an expectation for return, we evaluate various scenarios. The Client can then identify the scenario that is most acceptable and appropriate to his/her circumstances. Once achievable and realistic investment objectives are defined, we make specific recommendations for the investment of the Client's assets among cash, stocks and bonds and other financial instruments. Such recommendations might include the purchase, sale or holding of securities. These financial planning services are delivered with the help of our Big Picture Study[®] internet site.

Financial planning services can include advice on tax management and estate planning. In-depth, detailed advice in these areas is typically offered in conjunction with the Client's attorney or accountant. NWCM does not sell life insurance or annuities; we however frequently recommend that Clients own a certain amount of life insurance, or that they

consider some benefits of investing within an annuity. We can, if asked, recommend a firm from which the Client can purchase insurance or an annuity. NWCM does not receive commissions or referral fees for this service

Investment Management Approach

Northwest Capital Management, Inc. historically has managed “fund of fund” portfolios, investing in various mutual funds (ones we consider “best of class”) to obtain exposure to different asset classes and management styles. As an alternative to mutual funds, we purchase exchange-traded funds (“ETF”) or collective trusts. In the income-oriented accounts of Clients, we can buy coupon bonds or insured certificates of deposits, holding these investments until their maturity.

On December 31, 2017, NWCM purchased a minority ownership in Harbour Investment Management, LLC (“Harbour”) located in Edmonds, Washington, an SEC-registered investment advisory firm founded in 1991. Using individual stocks and bonds, Harbour specializes in portfolio management for individuals of high net worth. With this transaction, NWCM will leverage the stock selection expertise of Harbour and begin to include individual stock securities within our Client portfolios. NWCM also expects to expand its purchases of individual coupon bonds.

Certain Clients come to us with ownership of stock positions—long-term holdings whose sale would cause significant tax consequences. Or these securities might have some sentimental value to them, e.g., stock in a company at which they spent their working career. When Clients do not wish us to sell a specific security, we will build a portfolio around it by minimizing security holdings in that stock’s industry sector or in its market capitalization.

The mix of cash, stocks and bonds primarily determines the risk and reward characteristics of an investment portfolio. Getting correct the mix of stocks versus bonds and cash is imperative. Within the mix of stocks and bonds, we see our job as investing in those securities which are our “best ideas”, be they individual securities, indexed funds or actively-managed funds. What makes a security a “best idea”? We and Harbour undertake extensive research into the balance sheet of a company and into the investment style of a fund’s manager. We need a strong conviction that throughout a market cycle the security can add value over a market index. We seek to build well-diversified portfolios across asset classes, here in the U.S. and abroad. We want the portfolio to

own stocks of different market capitalizations, investment strategies, geographic concentrations, credit quality and varying durations. We sometimes take an active approach to our fund allocations, over- and under-weighting different securities given our economic and market forecasts.

When providing services to Retirement Plan Sponsors and Institutional Investors, we are generally guided by a Statement of Investment Policy (“SIP”) which states, among other things, the risk parameters, investment objectives, and the minimum performance criteria and measurable benchmarks that each security must generally meet. NWCM uses these criteria and benchmarks (both quantitative and qualitative) to narrow the universe of potential portfolio investments. The SIP may also impose restrictions on our investing in certain securities or types of securities.

Most Private Clients authorize us to act with discretion. When managing their portfolios, we base our trading decisions on the same disciplined security analysis we do with Retirement Plan Sponsors and Institutional Clients; however, we do not employ SIPs. In our investment and financial planning activities, we help Private Clients decide upon a Target Allocation of Equities versus Fixed Income securities that controls the composition of the portfolio—particularly as it impacts their cash flow needs for income. Given what are often “fluid” financial circumstances, this Target Allocation can change frequently. In our quarterly reporting to Private Clients, we confirm the Target Allocation that is the basis for the investment strategy we are currently implementing; and, compare the Portfolio’s actual allocation of Equity and Fixed Income securities to the Target Allocation.

NWCM can exercise discretion for selection of specific securities to be owned within the Equity and Fixed Income allocations of Private Client portfolios only if the resulting portfolio represents prudent diversification given such factors as capitalization, industry group, geographic region, bond duration, credit quality and other generally accepted industry criteria. Our policy is not to engage in any principal or agency cross-transactions.

In addition to the larger portfolio accounts we manage, some Clients might have smaller accounts we do not continuously supervise. For these accounts, we typically only provide minimum reporting whose purpose is primarily to track its value.

Personalized Investment Services

NWCM offers an investment service we call Signature Portfolio Strategies, a comprehensive investment approach that has as its foundation our financial planning services. Using our Big Picture Study® online software, we analyze the circumstances and resources of a Client to determine achievable financial goals such as saving for the education for children, retirement income, tax reduction, financial independence, philanthropy and wealth transfer. (The Big Picture Study® website is available for a Client to log into 24/7 and can be updated daily to reflect the values of, and transactions in, their various accounts regardless of custodian.) Given this in-depth analysis, we implement investment strategies which should give our Clients confidence in their financial success.

Our Clients often have their investments spread among several brokerage accounts, such as trusts, IRAs, Roth IRAs, 401(k) plans, and taxable accounts. A Signature Portfolio incorporates all these accounts into one, strategically-coordinated investment portfolio. A Signature Portfolio can own indexed and actively-managed funds, exchange-traded funds, individual stocks and bonds, and alternatives. Often Clients have investments within their company's 401(k) plan where investment options are typically constrained. Such securities are given investment weight within a Signature Portfolio as if they were one of our discretionary selections.

For each Signature Portfolio, we produce a performance report that consolidates from multiple accounts all Client investments as if they were owned in one account with one investment objective. (Clients access our performance reports via the Internet unless special arrangements are made for mailing reports.)

In 2017, NWCM will suspend an investment service called Portfolio Bright® which was associated with Institutional Intelligent Portfolios™, an automated investment management solution facilitated by Schwab Wealth Investment Advisory Inc. and its affiliates. In its place, we will offer a proprietary investment service called Core Portfolio Strategies.

Using indexed funds and exchange-traded funds (ETFs) to keep expenses and trading costs low, Core Portfolios (as do Signature Portfolios) will own securities here in the U.S. and overseas, with different market capitalizations, some with a value or a growth bias, in developed and emerging markets, and bonds with differing maturities, credit quality and currency risks—all designed to

achieve meaningful and prudent diversification. Core Portfolio accounts differ from Signature Portfolio accounts in that Core Portfolios:

- › Will not own individual stocks or bonds;
- › Are limited to a single brokerage account; and
- › Whereas the form of quarterly reporting is similar, reports only encompass the one brokerage account.

NWCM's determination of a suitable investment strategy for a Portfolio Bright® account was generally limited to the answers the Client gave to a questionnaire which was a part of the online enrollment process. For our Core Portfolio Strategies, NWCM will offer, in addition to some online tools, one-on-one discussions with a Client to help determine which of the many Core Portfolio strategies is most appropriate. Given the very low fee structure of our Core Portfolio Strategies service, we must limit the scope of financial planning services that we otherwise make available to our Clients with a Signature Portfolio Strategy.

NWCM does not participate in "wrap fee programs." In a wrap fee program, all administrative and management fees are paid with one comprehensive fee. The fees for our approach to the management of client assets are not "all inclusive." Fees of the mutual funds in which we invest are variable. Sometimes transaction fees or custodial fees might apply.

Assets under Management

As of December 31, 2016, NWCM managed \$2,296,006,708 of assets for Clients. The table below categorizes this amount by Client type and the amounts managed with discretion versus without discretion.

Client Type	Assets Under Management		
	Discretionary	Non-Discretionary	Totals
Institutional Clients & Retirement Plan Sponsors	\$675,792,075	\$1,292,186,794	\$1,967,978,869
Private Client	\$280,328,112	\$47,699,727	\$328,027,839
Total:	\$956,120,817	\$1,339,866,521	\$2,296,006,708

Most of the retirement plans we advise are participant-directed, meaning that the participants can exercise control over their accounts. (When participants fail to make investment choices, their accounts are invested within a “default” Investment Alternative such as a Model Portfolio). The primary responsibility for identifying the Investment Alternatives from which participants construct their portfolios, or constructing the Model Portfolios in which they can invest their account balances, is that of the plan’s fiduciaries, e.g., most frequently us, but at other times, the Plan’s Investment Committee.

When plan fiduciaries engage NWCM to participate in this decision-making, we become co-fiduciaries to the Plan, i.e. we are subject to the fiduciary responsibility standards of the Employee Retirement Income Security Act of 1973 (“ERISA”). We can be retained either as an ERISA §3(21) fiduciary or a §3(38) fiduciary. Where the plan fiduciaries have delegated discretionary authority to our firm to determine both the list of Investment Alternatives and the investment allocations of Model Portfolios, we act in the capacity of a §3(38) fiduciary or “Investment Manager”.

A §3(38) Investment Manager offers important statutory relief of fiduciary liability to the plan’s trustees and investment committee. Our clients cannot claim this statutory relief when engaging us as a §3(21) fiduciary.

When calculating the market value of assets NWCM manages with discretion, we make no distinction between assets managed with discretion for Private and Institutional Clients and those assets under our supervision as a §3(38) Investment Manager for retirement plans.

FEES AND COMPENSATION

Form ADV Part 2A, Item 5

NWCM charges fees for its services in one of three ways: a fee based on the assets in the Client’s portfolios; a fixed dollar amount; or, an hourly rate.

Most often, our fees are asset-based. We multiply the market value of our Client’s investment portfolio – determined as of the last day of the prior calendar quarter – by an “Annual Advisory Fee Rate.” One fourth of this calculated amount is charged for services we provide in the then-current calendar quarter.

The Annual Advisory Fee Rate can be a fixed percentage rate or a “blended” rate. A blended rate is determined by charging different percentage rates for “tiers” of portfolio market value. The table below identifies the maximum fees we would charge a Client based on portfolio values.

Portfolio Value	Maximum Tiered Fee Percentages
\$1,000,000 or less	1.00%
\$1,000,001 to \$2,000,000	0.75%
\$2,000,001 to \$5,000,000	0.50%
Greater than \$5,000,000	0.40%

Assume your portfolio was valued at \$2,500,000 at the end of the prior calendar quarter. We would calculate a blended rate as follows: 1.00% of the first \$1,000,000 of portfolio value; 0.75% of the next \$1,000,000 of portfolio value; and, 0.50% on the balance for an Advisory Fee Rate of 0.8 %. Our advisory fees are charged pro-rata quarterly; thus, the calendar quarter’s fee would be based on a rate of 0.20% (0.80 divided by 4) for a dollar amount of \$5,000 (\$2,500,000 times 0.20%).

A Minimum Quarterly Fee might apply. The Annual Advisory Fee for smaller portfolios as a percentage rate is higher than the rate charged for larger portfolios. However, larger accounts pay a larger dollar amount of fees.

We calculate the value of each Client’s account based on the share value as reported by an independent pricing service. If the Client deposits assets after the beginning of the quarter, no additional fee for the current quarter is assessed. Likewise, no fee is credited to the Client for the current calendar quarter should any withdrawals from the portfolio occur after the beginning of the calendar quarter. Nor is any adjustment made for fluctuations in the account value during the quarter. Unless a Client requests otherwise, fees are deducted from their investment account.

Occasionally NWCM charges an annual, fixed-dollar fee for investment managements services instead of an asset-based fee. This fee is also charged pro-rata each quarter. NWCM may also charge the Client an hourly fee for specific consulting assignments. Such hourly rate does not exceed \$400 per hour. A flat fee can be quoted based upon the estimate of hours involved multiplied by the appropriate hourly rate. A retainer is generally required equal to 50% of the estimated fee. The retainer is only for services we will provide within six months from the date of

payment. The balance of payment is due upon completion of the work. We may bill monthly or quarterly based on our progress towards completion of the project.

If a Client engages us for only Big Picture Study® financial planning services, our annual fee is \$2,500. In the first year, that fee is payable in the first quarter when we provide services given that the work is usually completed in a few months. Starting in the second year, the \$2,500 fee is prorated and payable quarterly. If a Client also engages us for Signature Portfolio Strategy services, the fee for Big Picture Study® financial planning services is reduced to \$1,500 annually and payable in a similar fashion as stated earlier in this paragraph.

Our fees are negotiable—including all variables in our fee calculations. There are also occasions in which our fees are greater than the above formula would compute. This usually occurs when there is a start-up retirement plan. In these instances, we impose a minimum fee to cover a scope of services disproportionate to the dollar value of assets in the portfolio.

NWCM is not compensated on a share of capital gains or capital appreciation of any portfolio's investments. However, capital gains and appreciation can increase the value of the portfolio on which our fee is based. We will enter into consulting contracts in which a portion of our fee is determined by the savings our work might produce, e.g., a lower-cost plan record keeper.

We may charge fees for services to be provided in the current calendar quarter as early as the first month of that quarter. The exact timing of submitting invoices or deducting fees is a function of our workloads. The Client can pay our fees directly or s/he may request our fees to be automatically deducted from his/her investment account.

If a Client does not receive this Brochure from NWCM at least 48 hours before initiation of an advisory relationship, the Client can end his/her agreement with us within five days of signing an Advisory Agreement. At all other times, Clients may end the services of NWCM upon 30 days written notification, mailed or faxed to our offices.

If the Client ends our advisory contract mid-quarter and our invoice has already been paid, the Client will receive a prorated refund for the time during the quarter in which our services were not provided. Similarly, if our invoice has not yet been paid, NWCM will be entitled to payment of fees for the prorated period of the quarter in which we provided services.

Our compensation is solely as described in this Brochure and as fully disclosed by contract to our Clients. We receive no other compensation, either direct or indirect, other than what our Clients pay to us.

Some of the Clients of NWCM are the retirement plan sponsors. One or more of the mutual funds in their portfolios may pay “revenue sharing”. Revenue sharing is money that mutual funds pay to broker/dealers or service providers. The securities licensing of NWCM does not permit fund companies to pay revenue sharing to our advisory firm, but they can it to the custodian of plan assets. Whenever possible, our procedures are to have any available revenue sharing paid directly into the Client’s trust account. This revenue sharing can be used as a credit against fees charged by Plan service providers such as NWCM. Even if revenue sharing exceeds expenses, NWCM does not receive additional compensation. Revenue sharing in excess of expenses in any billing cycle is used to offset future invoices.

The portfolios of all *non-qualified* retirement accounts—which include IRAs—do not receive revenue sharing. Nor do all *qualified* retirement plan Clients receive revenue sharing. Upon engagement of our services, we will indicate if revenue sharing is available to the qualified plan Client. If revenue sharing is not available, it is not paid to NWCM.

Additional Fees and Expenses

NWCM rarely purchases a mutual fund that involves an up-front sales charge or a contingent-deferred sales charge. A “ticket charge”, however, may apply. In these instances, the portfolio’s custodian retains such transactions charges. Please refer to Brokerage Practices on page 18 **Error! Bookmark not defined.**

Certain funds charge a Short-Term Redemption Fee (“STRF”) if shares we purchase are subsequently sold within a specified period, e.g., 90 or 120 days. NWCM buys funds subject to STRFs if we expect to hold that fund beyond the STRF period. If the STRF might apply, we purchase the fund only if the combination of the STRF and the internal expense ratio is low.

Each mutual fund, Exchange Traded Fund (“ETF”), or similar security in which Client assets are invested also pays its own separate investment advisory fees and expense payments to other independent and unaffiliated investment advisors or service providers. This is commonly called

an “expense ratio”. We purchase mutual funds and similar type investments that our Clients might purchase on their own directly from the sponsor, exchange, or unaffiliated broker/dealer without paying an advisory fee to NWCM. However, if our Clients make such a direct purchase, sales charges might apply, and the Client would not receive the services provided by NWCM.

Certain types of accounts may be held at a trust company, a custodian. Trust companies charge the Client fees for custodial and trust services.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Form ADV Part 2A, Item 6

No employee of, or person affiliated with, NWCM accepts “performance-based fees”.

Performance-based fees are a share of capital gains or capital appreciation of the assets of a Client’s portfolio. Such performance-based compensation can give rise to conflicts of interests.

We at NWCM strive diligently to eliminate the possibility of any conflicts of interest when providing services to our Clients.

TYPES OF CLIENTS

Form ADV Part 2A, Item 7

The Clients of NWCM are Private Clients (individual investors), Institutions, Governments and Retirement Plan Sponsors. Our business model prefers Clients with large portfolios, but we provide services to individuals with small account balances. These individuals typically are the family members of long-established Clients.

NWCM will regularly take on Clients comprising “start-up” retirement plans. From our experience, small retirement plans often grow into large retirement plans. We are happy to begin a relationship with such a Client at the inception of his/her Plan.

Similarly, we have established advisory relationships with Private Clients just getting started in their careers. If individual will regularly contribute additional money into their investment account, we enthusiastically provide advisory services to that Private Client. Happily, many such accounts have grown into sizeable portfolios.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Form ADV Part 2A, Item 8

NWCM believes that *how* a Client should invest his/her money is determined by *when* s/he needs to spend that money. The sooner the date when the money is needed, the more conservative the investment of that money should be. Many Clients believe a seven- to ten-year time horizon determines if equities or fixed income securities are most appropriate. Seven to ten years is sufficiently long enough to invest in equities to have a reasonable expectation of being paid for the risk the investor is taking. By helping Clients determine the cash flows needed from their portfolios, NWCM can recommend a mix of equities versus fixed income securities.

Regardless of our opinions as an investment advisor on the matter of investment risk, the Client's opinion matters the most. The Client's temperament to tolerate investment risk is the overriding consideration for determining the mix of equities versus fixed income securities in the portfolio: the portfolio's Target Allocation.

We will regularly confirm the Target Allocation in our quarterly performance report as this target might change given the Client's circumstances and risk temperament. Clients allow us to deviate plus or minus five percentage points from that Target Allocation. Of the mutual fund investments owned within a portfolio, the allocation of equities vs. fixed income investments is often subject to the discretion of each funds' investment manager. Given that discretion, a deviation greater than five percentage points from the portfolio's Target Allocation can result. Disparate performance among securities can also cause the Portfolio's Target Allocation to fall outside the acceptable range. In either of these two instances, NWCM will periodically rebalance securities within the Portfolio to restore its allocation to within its acceptable Target range.

Once a Target Allocation is determined, NWCM can make some investment decisions: Relative to the Target Allocation and targets for various asset classes per NWCM's internal modeling, do we want to stay at targets? Or, do we over-weight or under-weight U.S. versus foreign stocks? Should we favor different market capitalizations? Large versus small? Emerging markets versus developed markets? Value versus blend versus index management styles? Geographic or industry sector concentration? Short or long maturities? Government or corporate securities? High or low credit quality?

Once we make these tactical decisions, we can invest the portfolio with our “best ideas” of fund managers. Our tactical decisions do not result in what would be “frequent trading.”

The staff of research analysts at NWCM undertakes a regular process of security evaluation and monitoring to determine our “best ideas”. We strive to concentrate the investments of our Clients in a relatively small number of securities. The percentage of any individual Client’s portfolio invested in these select securities will vary from Client to Client depending on each Client’s investment objectives and risk tolerance. The narrow list of securities allows us to best leverage our analytic resources to undertake regular research of these securities.

Despite our efforts at economic research, market forecasting, and security research, we can be mistaken in our judgment. The consequences of being wrong are that we can under-perform the financial markets, and Clients can make less money than they should have given the indexed returns of the financial markets. We seek to minimize this downside risk through asset allocation with judicious minimum and maximum constraints that keep us from “betting the farm” on any one tactical decision.

Our portfolios may include mutual funds which invest in very volatile assets such as commodities, precious metals or emerging markets equity or debt. We do not over-weight a portfolio to these markets – and with the most conservative of investors, we attempt to significantly minimize exposure to these asset classes. We, however, believe that holding some portion of these assets can be beneficial to a portfolio.

Ultimately, the greatest investment risk that our Clients assume is market risk. Market risk can be reduced by a prudently diversified mix of stocks, bonds and cash. No Client should be surprised that the financial markets go down. But when they go down and by how much—these events are often the surprise.

DISCIPLINARY INFORMATION

Form ADV Part 2A, Item 9

There have been no legal or disciplinary events of any sort pertaining to the advisory business of NWCM. NWCM, nor any employee, has been:

- › Involved in, or the object of, any criminal or civil action in a domestic, foreign or military court of competent jurisdiction;
- › Named in a pending criminal proceeding that involves investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
- › Found to have been involved in a violation of an investment-related statute or regulation;
- › The subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order; or
- › Subject to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority or self-regulatory organization (SRO) proceeding.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Form ADV Part 2A, Item 10

Our advice and services can have a significant impact on our Clients' abilities to achieve their investment objectives. We take seriously our responsibilities. We are fully aware of the trust our Clients place in our competence. We work hard to be deserving of that trust.

Our ability to deliver services without conflict of interest, and our independence from any mutual fund company, bank, insurance company or other financial firm of any sort, are essential for us to be deserving of our Clients' trust. Neither NWCM nor any management person or employee of our firm is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

We occasionally recommend or select other investment advisors for our Clients. In no instance do we subsequently receive compensation directly or indirectly from those advisors. Such recommendations create no conflict of interest.

For a list of our Supervised Personnel, please see the Part B Supplement of this Brochure.

Conflicts of Interest

We ascribe to the standards of the “Fiduciary Rule” promulgated by the Department of Labor notwithstanding that, at the time of this writing, the Rule is under review and may be delayed, rescinded or modified.

The DOL has created an Impartial Conduct Standard which we as a fiduciary have always complied with:

- › NWCM must act in the “best interest” of our Clients, satisfying the prudent man standard without regard to our financial or other interests;
- › NWCM’s aggregate compensation must be considered “reasonable” compensation; and
- › NWCM’s statements about transactions, fees and compensation, material conflicts of interest and any other matters relevant to investment decisions must not be materially misleading at the time they are made. Failure to disclose a material conflict of interest is deemed to be a misleading statement.

As a fiduciary, NWCM will disclose all known and possible conflicts of interest.

Being a level-fee advisor—meaning our compensation is flat fee or asset-based—the potential for conflicts of interest when recommending or affecting trades is greatly minimized. One conflict of interest might exist should we recommend the Client place, or keep assets under our management versus other options such as paying off a debt.

We review the relationship of our firm with the issuer of each security to determine if NWCM or any of our employees has any financial, business or personal relationship with the issuer.

We access a variety of services from Charles Schwab (as described in the section titled Brokerage Practices) which benefit us because we do not have to produce or purchase them. Access to Schwab services are not contingent upon NWCM committing any specific amount of business to Schwab in trading commissions or assets in custody. Does NWCM have an incentive to recommend that Clients maintain their account with Schwab, based on our interest in receiving Schwab’s services that benefit our business rather than based on the Client’s interest in receiving the best value in custody services and the most favorable execution of their transactions? This is a potential conflict of interest. We believe, however, that our preference for Schwab as custodian

and broker is in the best interests of our Clients—a recommendation primarily supported by the scope, quality, and price of Schwab’s services and not Schwab’s services that benefit only us.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Form ADV Part 2A, Item 11

Financial advisors, whether members of an SEC-registered advisory firm, stock brokers, mutual fund salespersons or insurance agents, can have a conflict of interest when advising and recommendations to clients. Often that conflict of interest results in varying amounts of compensation. But conflicts of interests can arise in other ways.

NWCM is bound by the Security and Exchange Commission’s Rule 204a-1 to establish a Code of Ethics. We interpret the relative sections of the Advisers Act to mean we have an affirmative duty of utmost good faith to act solely in the best interest of our Clients. Under various sections of the Advisers Act, NWCM, and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct.

Our Code of Ethics subjects the firm and our employees to these obligations when dealing with Clients:

- › To have a reasonable, independent basis for the investment advice provided;
- › To obtain best execution for a Client’s transactions where we can direct brokerage transactions for the Client;
- › To ensure that investment advice is suitable to meeting the Client’s individual objectives, needs and circumstances; and
- › To be loyal to Clients.

Our Code of Ethics makes certain that the high ethical standards that NWCM has long maintained continue to be applied. The Code prevents activities which may lead to, or give the appearance of, conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. This Code, among other purposes, governs personal securities trading activities in the accounts of employees. The Code is based upon the principle that NWCM and its employees owe a fiduciary duty to Clients to conduct our affairs, including our personal securities transactions, in such a manner as to avoid:

- › Serving our personal interests ahead of those of Clients;
- › Taking inappropriate advantage of our position with the firm; and
- › Any actual or potential conflicts of interest or any abuse of our position of trust and responsibility.

The employees of our firm may acquire, increase, decrease or dispose of portions of investments at the same time being acquired, held or disposed of for a Client.

If you would like a copy of our Code of Ethics, we would be pleased to furnish you one.

In our business, we do not recommend certain securities in which our firms or our employees have a material financial interest. For instance, we would not solicit investments in a partnership of which we were a general or limited partner.

We regularly require of NWCM employees the disclosure of investment transactions in their personal investment portfolios. We require that they seek approval in advance from us before they can trade in certain securities; or require that they be traded through our Operations department. There are exceptions to this reporting and advance approval requirement — even securities that NWCM also invests in on behalf of our Clients. Such investments include:

- › Securities which are the direct obligations of the Government of the United States;
- › Bank and checking accounts (including money market accounts), e.g. bankers acceptances, bank certificates of deposit, commercial paper and repurchase agreements;
- › Shares of open-end mutual funds (including money market funds), unless NWCM or a controlled affiliate acts as the investment advisor or principal underwriter for the fund; and
- › Unit investment trusts, if the unit investment trust is invested exclusively in unaffiliated mutual funds.

NWCM performs investment advisory services for various Clients and may give advice and take action for a Client which may differ from advice given to other Clients, or from the timing or nature of action taken for other Client accounts. Our policy is to allocate investment opportunities to a Client's account on a fair and equitable basis relative to all Clients. NWCM will have no obligation to initiate or to recommend the purchase or sale by a Client of any security or other asset which our employees or other Clients may purchase, hold or sell.

BROKERAGE PRACTICES

Form ADV Part 2A, Item 12

"Soft dollars" is a means by which an advisory firm with commission revenue pays for research or other services, as opposed to paying with its own cash resources. Let's say Firm A wants to buy research from XYZ Brokerage Firm. Firm A agrees to direct Client trades to that firm to generate \$10,000 in commissions for brokerage services in return for the research from XYZ. This would represent a soft dollar payment. If Firm A simply wants to buy the research from XYZ and not agree to any soft dollar arrangement, Firm A must pay the brokerage firm \$7,000 in "hard dollars" (cash) for the service.

NWCM does not participate in "soft dollar" revenue arrangements of any sort for which we are provided research reports on specific securities and industry sectors, or on general investment strategies, or any other service for directing brokerage to a broker. NWCM's principal concerns in the selection of a broker are best execution and low transaction costs.

The majority of our Client positions are in mutual funds. The purchase of mutual funds does not lend itself to soft dollar arrangements, and most of these buys and sells are executed without transaction costs. The custodian may be compensated by a per transaction fee, revenue sharing which the fund pays to it, or by an asset-based fee charged to the Client (and possibly then remit to the Client the revenue sharing).

Where Client accounts are at a brokerage firm, there can be a transaction charge for the purchase of a mutual fund if that fund is not on the brokerage firm's No Transaction Fee fund list. NWCM receives no financial benefit from such transaction charges.

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Several brokerage firms and trust companies have developed service capabilities that cater to independent advisory firms like NWCM. Over the past dozen years, we have placed Client assets with several of them: Fiserv, TD Ameritrade, Fidelity, Circle Trust, AST and Charles Schwab. We sought to use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We considered a wide range of factors, including:

- › Capability to execute, clear, and settle trades (buy and sell securities for your account);

- › Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- › Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.);
- › Quality of services;
- › Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- › Reputation, financial strength, and stability;
- › Prior service to us and our other clients; and,
- › Availability of other products and services that benefit us, as discussed elsewhere in this Brochure.

Given these factors, we prefer that our Clients custody their accounts with Charles Schwab, a registered broker-dealer, member SIPC, or its bank company. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when you or NWCM instructs Schwab to. While we prefer that you use Schwab as custodian/broker, the Client decides on the custodian. Clients open accounts with a custodian by entering into an account agreement directly with them. We do not open the account for Clients, although we may offer assistance. Regardless of the custodian of your account, we can still use other brokers to execute trades for Client accounts as described elsewhere in this Brochure.

We place great importance on our ability to electronically receive information on account transactions. NWCM's electronic link to the custodian might cause the Client to incur higher custodial expenses. However, if a lower cost custodial option would necessitate our tracking investment activity manually, we might charge the Client a higher advisory fee. That higher advisory fee could be greater than the savings of custody.

Custodial and transaction costs associated with the management of the Client's investment account are charged by the custodian to the account during a transaction or on some regular calendar basis. If custodial or trading expenses are billed to NWCM, we secure reimbursement from the Client.

All Client accounts are held in the name of the Client, who in no way surrenders ownership of the cash and securities comprising the account's assets. The Client retains all rights under federal securities law to proceed directly against the issuer of any underlying security in the Account. Holding the Client's securities in nominee name is done so only for ministerial purposes. The Client's beneficial interest in a security does not represent an undivided interest in all securities held by the custodian, but represents a direct and beneficial interest in the securities in the account.

Because NWCM has a very large amount of Client assets at Charles Schwab, we feel we receive extra attention and support from Schwab's service teams and management. We benefit operationally from the especially good service Schwab provides us, but this benefit could not accrue to us under a soft dollar arrangement. We believe we have an obligation to leverage the assets our firm services to create advantage to our Clients, even if it only means great service support from the custodian.

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

Schwab also makes available to us other products and services that benefit us but may not directly benefit our Clients or their accounts. Indirectly, these products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- › Provide access to client account data (such as duplicate trade confirmations and account statements);
- › Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- › Provide pricing and other market data;

- › Facilitate payment of our fees from our clients' accounts; and
- › Assist with back-office functions, recordkeeping, and Client reporting

Schwab also makes available services that generally benefit only NWCM, service intended to help us manage and further develop our business enterprise, such as:

- › Educational conferences and events;
- › Consulting on technology, compliance, legal, and business needs;
- › Publications and conferences on practice management and business succession; and,
- › Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Fred Payne serves on a Schwab-related board: The Schwab Trust and Custody Board, an opportunity for him to have direct input to Schwab's senior management about Schwab's operations, services and support for the Clients of NWCM. The Board consists of 10-16 representatives of independent advisory firms and/or recordkeeping firms and who have been invited by Schwab Retirement Business Services management to participate in meetings and discussions of Schwab services for advisors, independent record keepers and their clients. Board members generally serve for three-year terms. Board members enter into nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally omits material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Schwab Retirement Business Services does not compensate Board members for their service, but Schwab Retirement Business Services pays for or reimburse Board members' travel, lodging, meals and other incidental expenses in attending Board meetings.

Client Referrals

Occasionally we refer a Client to a third-party investment advisor who provides a specialized advisory service which we do not provide, yet which is a service from which a Client might benefit. An example is a municipal bond manager who actively trades a portfolio of individual coupon bonds (as opposed to a mutual fund). Sometimes we have asked this advisor to comment on our Clients' individual municipal bond holdings. This advisor may occasionally solicit us to purchase a municipal bond offering which it considers attractive and suitable for our Clients. NWCM does not receive any compensation for these referrals.

Directed Brokerage

Our business might involve the execution of trades that is a traditional brokerage service. The net asset value at which we settle mutual fund trades at Schwab would be the same share price we would receive at any other brokerage or trust company.

In certain instances, we may purchase fixed income securities from a dealer other than Charles Schwab. At our discretion we select a broker to effect such trades. If such a trade is made for multiple Clients, we will aggregate these purchases and sales in one trade, settling the trade in the individual accounts of our Clients at Schwab. When transactions are aggregated in this fashion, an average of all trades will be calculated and each Client will be charged that average price as the cost of the transaction.

REVIEW OF ACCOUNTS

Form ADV Part 2A, Item 13

Each day, all actively-managed investment accounts are reconciled with the custodian's records and updated to reflect all transactions and current pricing.

Traditionally, Client accounts are reviewed no less than once per calendar quarter by a consultant at NWCM. A review of a specific account will occur any time a Client so requests.

NWCM has attempted to concentrate the investments of our Clients in a relatively small number of securities. The percentage of any individual portfolio invested in these securities will vary from Client to Client, depending on each Client's investment objectives. But the narrow list of securities allows us to best leverage our analytic resources to undertake regular research of these securities.

NWCM has a staff of research analysts to regularly review our client security holdings — not the accounts themselves, just the holdings most Clients own. Once each week an Investment Committee meeting is scheduled to discuss certain securities, investment strategies and market outlooks. From the discussions in these meetings, our consultants can make decisions about the management of Clients' accounts.

Currently investment decisions are only made by Fred Payne, Brent Petty, Aalok Shah, Chris Martin and Casey McKillip. All other Supervised Personnel are in support roles. For a list of our Supervised Personnel, please see the *Part B Supplement* of within this Brochure.

Clients receive statements from the custodian at least once a month. NWCM also sends to most of our Clients statements that include, at a minimum, a Market Commentary and an appraisal showing investment basis and current market value. Depending on the account and its relative size, we provide additional content such as:

- › A calculation of the account's rate of return over various time periods;
- › A listing of all purchases and sales, excluding reinvested dividends and money market transactions; and
- › The change in market value security by security and their rates of return.

We do not track daily the market values of the accounts for some Retirement Plan Sponsors and Institutional Clients. Our advisory services extend only to monitoring the performance of the securities within the plan. The reports we send in these instances are performance evaluations of the investment options.

CLIENT REFERRALS AND OTHER COMPENSATION

Form ADV Part 2A, Item 14

No third party who is not a Client of NWCM provides us any economic benefit because of any investment advice or other advisory services we furnish to our Clients. The only source of income both our firms receive is that paid directly by our Clients and as fully disclosed to them.

NWCM may enter into Employment Agreements with certain employees in which deferred compensation will be paid to them for a period of time after termination of their employment. We may base this deferred compensation on the ongoing fee revenue these Clients pay us. Upon termination of their employment, no information of any sort is given to these employees about the Clients involved. We respect the privacy of our Clients in all matters.

CUSTODY

Form ADV Part 2A, Item 15

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account, or if you grant us authority to move your money to another person's account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic portfolio reports you will receive from us.]

In some instances, NWCM acts as a Trustee of a Client's assets. For more discussion of instances in which we have such custody, please see the Financial Information section of this Brochure.

In all other situations, our Clients establish investment accounts at qualified custodians such as Charles Schwab or its trust company. These accounts are registered in the name of the Client. NWCM is not a party to the Account Agreement between the Client and the custodian. The account agreement grants us trading authority on the account. The Client can also allow us to

deduct our advisory fees from the account unless other arrangements have been made for the payment of our fees.

The custodian will always send to the Client an account statement at least once per calendar quarter. Clients will also have online access to their accounts directly with the custodians. NWCM will send to the Client an account statement of our own design. We urge our Clients to compare our account statements to those of the custodians.

We receive daily electronic downloads directly from the custodians for most of our Client accounts. These downloads provide us with transaction data and position files to allow us to reconcile and balance the account data we maintain within our databases. In certain instances, we use a third-party service called ByAllAccounts to receive electronically transaction data and position files for accounts to which NWCM cannot directly link. Our account statements and those that the Clients receive from their custodians should agree.

Differences in the account statements might be due to a difference in the price of a security. NWCM uses third-party pricing services we consider accurate and reliable. Where the price may differ, the number of shares should be the same.

Another difference in the account statements may come from posting dividends. Some mutual fund companies and individual securities pay their dividends days after the record date (the date that determines who is entitled to the dividend). We post all dividends on the declared pay date. That pay date may be before the cut-off date for the printing of the custodian's statements but the actual receipt of the dividend could be later. For instance, the pay date might be December 31 and properly the recording of that dividend should be as of December 31. However, the custodian may not receive the dividend until January 4 and the custodian may have already printed the December statements. Receipt of that dividend will be reflected on the custodian's January statement with a December 31 pay date. Often the statement the Clients receive from NWCM for December (in this example) will include that dividend, causing a difference in the two statements.

If Clients see a discrepancy in the two statements, they can call us and we will always clarify or correct the discrepancy.

INVESTMENT DISCRETION

Form ADV Part 2A, Item 16

NWCM accepts discretionary authority to manage the securities within the portfolios of our Clients. We prefer that our trading authority be discretionary; in many instances, we will *require* that our trading authority be discretionary.

Logistically were we to first secure permission from each of our Clients to buy or sell a security, most of our energies would be directed towards securing that permission—time we believe is better spent on other aspects of managing Client assets or providing other services to them. We think our Clients should evaluate the quality of our investment advice with the benefit of 20-20 hindsight when reviewing the performance reports we send them. We do not believe that our Clients typically want to second-guess our research before a trade.

We believe that our Clients should give permission for trades if their advisors earned commissions on those trades. However, NWCM does not receive commissions of any sort. Nor is our compensation dependent on exercising trades for our Clients. Our compensation is fee-based. We act in a capacity as a fiduciary when managing Client assets. We effect a trade only because we think it is in the best interests of our Client. Because we are a flat-fee advisor, we are not conflicted by the possibility of earning a commission when managing the assets of our Clients.

Sometimes we might not exercise discretion—even in an account where the Client has granted discretion to us. An example of such an instance is a trade that might cause a substantial taxable gain or loss. In certain circumstances, we will contact the Client before a trade. Another example is when the Client has called us and expressed concern over a portfolio's market exposure given uncertain and unsettling economic times.

We will not exercise discretion on accounts for which we do not have direct trading authority on the account.

There are types of accounts—most often institutional accounts—where we do not exercise discretion. In those instances, we will make formal recommendations to an Investment Committee.

When a Client establishes an account with its custodian, trading authority is generally given to us. The Client must give us permission in writing to exercise that trading authority on a discretionary basis. When accepting discretionary trading authority on a qualified retirement plan account, NWCM will acknowledge its fiduciary status as an ERISA 3(38) Investment manager so the Client can claim the statutory liability protection of ERISA §405(d)(1). In all instances for all accounts, we will act as a fiduciary.

For Retirement Plan Sponsors only, constraints on our discretionary authority are generally identified within a Statement of Investment Policy ("SIP"). The SIP sets forth the risk parameters, investment objectives, and performance benchmarks appropriate to a Client's circumstances. The SIP further defines the asset allocation parameters of investment strategies, i.e., target, minimum and maximum exposures for various asset classes. The SIP specifies minimum performance criteria and measurable benchmarks that each security must generally meet for it to be considered and to remain as an investment within the portfolio. NWCM narrows the list of potential portfolio investments based on these criteria and benchmarks (both quantitative and qualitative). The SIP may also impose restrictions on our investing in certain securities or types of securities.

For Private Clients, SIPs are not utilized. Instead, the Client and we agree as to a Target Asset Allocation which serves as the primary basis for our portfolio managements. We report each quarter the Target Asset Allocation we are currently pursuing. Despite the absence of a SIP, we employ the same security analysis in determining security selection as we do for the accounts of Retirement Plan Sponsors. NWCM represents that Client portfolios will be prudently diversified given such factors as capitalization, industry group, geographic region, bond duration, credit quality and other generally accepted industry criteria.

For some accounts that are not under our continuous supervision, e.g., very small accounts, our reporting is limited to market value appraisals and asset allocation composition.

VOTING CLIENT SECURITIES

Form ADV Part 2A, Item 17

NWCM acts a fiduciary to most of its Clients. In that capacity, we must vote proxies for securities owned within our Client portfolios. We always attempt to vote these proxies as is consistent with the best economic interests of our Clients.

NWCM maintains written policies and procedures concerning the handling, research, voting and reporting of proxy voting and makes disclosures about the firm's proxy policies and practices. Our policy and practice include the responsibilities to:

- › Receive and vote Client proxies
- › Disclose any potential conflicts of interest
- › Make information available to Clients about voting proxies for their portfolio securities
- › Maintain relevant and required records

Voting Guidelines

Absent specific voting guidelines from our Clients, our policy is to vote all proxies from a specific issuer the same way for each Client. Our Clients may place reasonable restrictions on our voting authority in the same manner they may place such restrictions on the actual selection of account securities.

We will generally vote on proposals consistent with the recommendations of the security's Board of Directors unless we learn of conflicts of interest or other concerns raised by third parties.

If a material conflict of interest exists with the interests of NWCM, we will pursue one or more of these actions:

- › Disclose the conflict to the affected Clients;
- › Give the affected Clients the opportunity to vote proxies themselves; and/or
- › Address the voting issue through other objective means, such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

NWCM will maintain a record of the voting resolution of any conflict of interest.

Client Requests for Information

A Client may request information from NWCM regarding the proxy votes associated with securities in their account, or regarding our policies and procedures. In response to such a request, we send a written response to the Client with the information requested and the name of the issuer, the proposal voted upon, and how we voted the Client's proxy regarding each proposal about which the Client inquired.

Fred Payne, Chief Compliance Officer for NWCM, has the responsibility for the implementation and monitoring of the firm's proxy voting policy, practice, disclosure and recordkeeping.

FINANCIAL INFORMATION

Form ADV Part 2A, Item 18

We do not require of any Client the prepayment of more than \$1,200 in fees six months or more in advance. If we required such, we would have to provide our Clients with a balance sheet of the most recent fiscal year of NWCM.

Fred Payne, a principal of NWCM, serves as a trustee of certain Client trust accounts. As a trustee, Fred can direct the distribution of assets from these trust accounts on his own authority consistent with the terms of a trust document. Given his powers as a trustee, and given his affiliation with an investment advisory firm registered with the Securities and Exchange Commission, NWCM can be deemed to have custody of these trust accounts. Investment advisors with custody of client assets generally must, among other requirements, provide their clients with a balance sheet of their most recent fiscal year.

NWCM is subject to an annual surprise audit by a certified public accounting firm. This accounting firm audits the trust accounts for which Fred Payne serves as trustee. This audit report is filed with the Securities and Exchange Commission. Because of this audit, NWCM need not provide our Clients with a balance sheet of our most recent fiscal year.

NWCM is financially sound, with a long history of financial stability. We carry professional liability insurance in an amount not less than \$3,000,000.

NWCM today represents the evolution of an investment practice started by Fred Payne over 25 years ago. We have built ourselves into the company we are because of the trust we have established with our Clients over the past-quarter century – trust earned and deserved by our unfaltering resolve to place our Clients' interests first.

Privacy Policy

An essential element in the delivery of services to our Clients is fulfilling the trust our Clients extend to us. Insuring the Privacy and Security of the information we have about our Client's assets, their personal situation and objectives is critical to our Mission as an Investment Advisor.

- › We keep the personal information of our Clients in the strictest confidence.
- › We do not provide personal information to anyone outside our firm without the express instructions of our Clients.
- › We do not sell lists of our Clients; nor do we disclose Client information to marketing companies.

All the personal information we collect is obtained directly from our Clients, or from third parties at the express instructions of our Clients. This information is necessary for us to deliver services for which Clients contract. Information is most often provided us in direct conversations with Clients and/or upon their completion of applications for investment accounts that require name, address, Social Security numbers, dates of birth, and annual income. Information about transactions and security holdings is obtained from account statements or electronic downloads from custodians upon authorization from our Clients.

We will only divulge private information about our Clients appropriate in these situations:

- › When such information is necessary for the establishment and maintenance of an investment account or for providing contractual services;
- › When we must fulfill any legal or regulatory requirements imposed on us by the Securities and Exchange Commission and the Internal Revenue Service;

- › At the Client's request, to facilitate the tax planning by the Client's accountant and filing tax returns;
- › At the Client's request, in response to inquiries from the Administrator of employee benefit programs; and
- › To any other third party at the express written instructions of the Client.

Unless a client expressly instructs us not to, we will post investment account and limited confidential data to third-party software providers for Internet-portal access and financial planning tools. Using SSL/TLS protocols (public-key cryptology), we transfer this information over secure servers to ensure that others cannot view or intercept Client confidential information being transmitted over the Internet or stored in our databases. Security protocols for these third-party websites are established and maintained by these vendors who utilize such proven technology as 256-bit encryption on established server facilities like Amazon Web Services.

For information stored on servers under our direct control, we have implemented security standards and processes—including physical and electronic safeguards—to ensure that access to client information is limited to employees of our firm. We do not host at our offices any Internet website associated with our business. Remote access by employees to our network is achieved through VPN technology and a terminal server configuration using two-factor authentication. Confidential data is backed up each day to a geographically-remote data storage facility.

The third-party websites we have setup for our Clients can use "cookies"—a small data file that some web sites write to the user's hard drive when visited—to keep track of a user during an on-line session by allowing their servers to synchronize the visit to the data being delivered to the user. These cookies do not store nor transmit any personally identifiable information about a Client when on the Internet.



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Joan Lintz

Form ADV Part 2B Brochure Supplement

March 2017

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This brochure supplement provides information about Joan Lintz that supplements the Northwest Capital Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Fred Payne, (503) 597-1600, if you did not receive Northwest Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Joan Lintz is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Form ADV Part 2B Item 2

Year of Birth: 1952

Formal Education after High School

- › Boise State University, Bachelor of Arts, History & Spanish, 1974
- › University of Portland, Masters, Business Administration, 1983

Business Background for the Previous Five Years

- › Northwest Capital Management, Inc., VP Financial Planning, 3/2014 - Present
- › Phillips & Company, Certified Financial Planner, 7/2013-2/2014
- › McGee Wealth Management, Wealth Management Associate, 6/2009 -6/2013
- › Advanced Wealth Management, Operations Manager. 10/2002 – 10/2008

Certifications

- › Certified Financial Planner® (CFP)

Accredited by the National Commission for Certifying Agencies (NCCA), this designation is issued by the Certified Financial Planner Board of Standards, Inc. (CFPBS) and is granted to individuals who complete a CFP Certification Examination and as well as to meet the following prerequisites: bachelor's degree from an accredited college of university and three years of full time personal financial planning experience. In order to qualify, the candidate must complete a CFP-board registered program or hold one of the following titles: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, PhD in business economics, Doctor of Business Administration or Attorney's License. Once issued, the candidate is required to complete 30 hours of continuing education every two years and must continuously meet the standards administered by CFPBS.

- › Oregon Insurance License
- › Series 7, Series 66

Disciplinary Information

Form ADV Part 2B Item 3

Joan Lintz has not been involved in any legal or disciplinary events of any sort relating to her involvement in the securities industry. Nor has Joan Lintz resigned, or otherwise relinquished her

attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

Other Business Activities

Form ADV Part 2B Item 4

Joan Lintz is a member of the Board of Directors of Girl Scouts of Oregon and SW Washington.

Additional Compensation

Form ADV Part 2B Item 5

No person or entity other than Northwest Capital Management, Inc. provides an economic benefit to Joan Lintz for providing advisory services.

Supervision

Form ADV Part 2B Item 6

Northwest Capital Management, Inc. has an Investment Committee which is scheduled to meet weekly. Individuals who give advice to Clients are members of this Committee; the firm's research analysts are also members. At these meetings, the Committee makes decisions about strategy and security selection. These decisions form the basis for all advice given to Clients. Joan Lintz is not a voting member of the Investment Committee.

Research and performance reports reflect the decisions of the Investment Committee. Given how these reports are produced, a supervised person does not have the ability to modify the reports to reflect advice different from what has been approved by the Investment Committee.

Fred Payne (503-597-1621) is the firm's Chief Compliance Officer. He is primarily responsible for supervision of all advisory activities.



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Casey McKillip

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March 2017

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This brochure supplement provides information about Casey McKilip that supplements the Northwest Capital Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Fred Payne, (503) 597-1600, if you did not receive Northwest Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Casey McKilip is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Form ADV Part 2B Item 2

Year of Birth: 1986

Formal Education after High School

- > George Fox University, Master of Business Administration, 2014
- > University of Oregon, Bachelor of Science Business Administration, 2008
- Concentrations Finance and Entrepreneurship, Minor in Economics

Business Background for the Previous Five Years

- > Northwest Capital Management, Inc., Investment Analyst, August 2008 – Present
- > University of Oregon, Student, prior to August 2008

Certifications

- > Series 65

Disciplinary Information

Form ADV Part 2B, Item 3

Casey McKillip has not been involved in any legal or disciplinary events of any sort relating to his involvement in the securities industry. Nor has Casey McKillip resigned or otherwise relinquished his attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

Other Business Activities

Form ADV Part 2B, Item 4

None.

Additional Compensation

Form ADV Part 2B, Item 5

No person or entity other than Northwest Capital Management, Inc. provides an economic benefit to Casey McKillip for providing advisory services.

Supervision

Form ADV Part 2B, Item 6

Northwest Capital Management, Inc. has an Investment Committee which is scheduled to meet weekly. Individuals who give advice to Clients are members of this Committee; the firm's research analysts are also members. At these meetings, the Committee makes decisions about strategy and security selection. These decisions form the basis for all advice given to Clients. Casey McKillip is a voting member of the Investment Committee.

Research and performance reports reflect the decisions of the Investment Committee. Given how these reports are produced, a supervised person does not have the ability to modify the reports to reflect advice different from what has been approved by the Investment Committee.

Fred Payne (503-597-1621) is the firm's Chief Compliance Officer. He is primarily responsible for supervision of all advisory activities.



Northwest Capital Management, Inc.
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13333 SW 68th Parkway | Suite 230
Portland, OR 97223

Christopher J. Martin

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March 2017

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This brochure supplement provides information about Christopher Martin that supplements the Northwest Capital Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Fred Payne, (503) 597-1600, if you did not receive Northwest Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Christopher Martin is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Form ADV Part 2B, Item 2

Year of Birth: 1960

Formal Education after High School

- › University of Puget Sound, Bachelor of Arts, Business Administration 1983
- Finance Concentration, Minor in economics

Business Background for the Previous Five Years

- › Northwest Capital Management, Inc., Financial Consultant, December, 2014 - present
- › Morgan Stanley, Financial Advisor 2010-2014
- › Pacific Coast Securities, partner, SVP Institutional Equity Sales
1993-2010

Certifications

- › Series 7
- › Series 63
- › Series 65

Disciplinary Information

Form ADV Part 2B, Item 3

Christopher Martin has not been involved in any legal or disciplinary events of any sort relating to her involvement in the securities industry. Nor has Christopher Martin resigned or otherwise relinquished his attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

Other Business Activities

Form ADV Part 2B, Item 4

None.

Additional Compensation

Form ADV Part 2B, Item 5

No person or entity other than Northwest Capital Management, Inc. provides an economic benefit to Christopher Martin for providing advisory services.

Supervision

Form ADV Part 2B, Item 6

Northwest Capital Management, Inc. has an Investment Committee which is scheduled to meet weekly. Individuals who give advice to Clients are members of this Committee; the firm's research analysts are also members. At these meetings, the Committee makes decisions about strategy and security selection. These decisions form the basis for all advice given to Clients. Christopher Martin is a voting member of the Investment Committee.

Research and performance reports reflect the decisions of the Investment Committee. Given how these reports are produced, a supervised person does not have the ability to modify the reports to reflect advice different from what has been approved by the Investment Committee.

Fred Payne (503-597-1621) is the firm's Chief Compliance Officer. He is primarily responsible for supervision of all advisory activities.



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Fredrick J. Payne

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This brochure supplement provides information about Frederick Payne that supplements the Northwest Capital Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Fred Payne, (503) 597-1600, if you did not receive Northwest Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Frederick Payne is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Form ADV Part 2B, Item 2

Year of Birth: 1951

Formal Education after High School

- › University of Notre Dame, Bachelors of Arts, Philosophy, 1973

Business Background for the Previous Five Years

- › Northwest Capital Management, Inc., Shareholder, CEO and Chief Compliance Officer, 06/1998 – Present
- Formerly President and Chief Investment Officer through to 12/2010
- › Heintzberger Payne and Co., LLC, Co-Managing Partner, 09/2007 – April, 1, 2016
- Predecessor firm was Retirement Plan Service Corp.,
- Shareholder and President, 12/1995 –09/2007

Certifications

- › Certified Financial Planner® (CFP)

Accredited by the National Commission for Certifying Agencies (NCCA), this designation is issued by the Certified Financial Planner Board of Standards, Inc. (CFPBS) and is granted to individuals who complete a CFP Certification Examination and meet the following prerequisites: bachelor's degree from an accredited college or university and three years of full-time personal financial planning experience. In order to qualify, the candidate must complete a CFP board-registered program or hold one of the following titles: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, PhD in business economics, Doctor of Business Administration or Attorney's License. Once issued, the candidate is required to complete 30 hours of continuing education every two years and must continuously meet the standards administered by CFPBS.

Disciplinary Information

Form ADV Part 2B, Item 3

Fred Payne has not been involved in any legal or disciplinary events of any sort relating to his involvement in the securities industry. Nor has Fred Payne resigned or otherwise relinquished his

attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

Other Business Activities

Form ADV Part 2B, Item 4

None.

Additional Compensation

Form ADV Part 2B, Item 5

No person or entity other than our Clients provides an economic benefit to Fred Payne for providing advisory services.

Supervision

Form ADV Part 2B, Item 6

Northwest Capital Management, Inc. has an Investment Committee which is scheduled to meet weekly. Individuals who give advice to Clients are members of this Committee; the firm's research analysts are also members. At these meetings, the Committee makes decisions about strategy and security selection. These decisions form the basis for all advice given to Clients.

Research and performance reports reflect the decisions of the Investment Committee. Given how these reports are produced, a supervised person does not have the ability to modify the reports to reflect advice different from what has been approved by the Investment Committee.

Fred Payne (503-597-1621) is a voting member of the Investment Committee and the firm's Chief Compliance Officer. He is primarily responsible for supervision of all advisory activities of firm employees.



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Brent Petty

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This brochure supplement provides information about Brent Petty that supplements the Northwest Capital Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Fred Payne, (503) 597-1600, if you did not receive Northwest Capital Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Brent Petty is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Form ADV Part 2B, Item 2

- › Year of Birth: 1973

Formal Education after High School:

- › Northern Arizona University, Bachelor of Science, Science, Zoology, 1996

Business Background for the Previous Five Years:

- › Northwest Capital Management, Inc., Shareholder and President, June, 2005 – Present

Certifications:

- › Certified Financial Planner® (CFP)

Accredited by the National Commission for Certifying Agencies (NCCA), this designation is issued by the Certified Financial Planner Board of Standards, Inc. (CFPBS) and is granted to individuals who complete a CFP Certification Examination and meet the following prerequisites: bachelor's degree from an accredited college or university and three years of full-time personal financial planning experience. In order to qualify, the candidate must complete a CFP board-registered program or hold one of the following titles: CPA, ChFC, Chartered Life Underwriter (CLU), CFA, PhD in business economics, Doctor of Business Administration or Attorney's License. Once issued, the candidate is required to complete 30 hours of continuing education every two years and must continuously meet the standards administered by CFPBS.

- › Accredited Investment Fiduciary® (AIF)

This designation is issued by the organization fi360 to those individuals who demonstrate the focus on all the components of a comprehensive investment process, related fiduciary standards of care, and commitment to excellence. AIF designees undergo an initial training program, annual continuing education, and pledge to abide by the designation's code of ethics. Those who earn the AIF mark successfully complete a specialized program on investment fiduciary standards of care and subsequently pass a comprehensive examination. AIF designees demonstrate a thorough understanding of fi360's Prudent Practices for investment advisors and stewards.

Disciplinary Information

Form ADV Part 2B, Item 3

- › Brent Petty has not been involved in any legal or disciplinary events of any sort relating to his involvement in the securities industry. Nor has Brent Petty resigned or otherwise relinquished his attainment and designation of a professional designation or securities license in anticipation of such a proceeding.

Other Business Activities

Form ADV Part 2B, Item 4

- › None.

Additional Compensation

Form ADV Part 2B, Item 5

- › No person or entity other than our Clients provides an economic benefit to Brent Petty for providing advisory services.

Supervision

Form ADV Part 2B, Item 6

- › Northwest Capital Management, Inc. has an Investment Committee which is scheduled to meet weekly. Individuals who give advice to Clients are members of this Committee; the firm's research analysts are also members. At these meetings, the Committee makes decisions about strategy and security selection. These decisions form the basis for all advice given to Clients. Brent Petty is a voting member of the Investment Committee.
- › Research and performance reports reflect the decisions of the Investment Committee. Given how these reports are produced, a supervised person does not have the ability to modify the reports to reflect advice different from what has been approved by the Investment Committee.
- › Fred Payne (503-597-1621) is the firm's Chief Compliance Officer. He is primarily responsible for supervision of all advisory activities.