

# NORTHWEST ASSET MANAGEMENT

---

This brochure provides information about NWAM, LLC dba Northwest Asset Management's ("Northwest Asset Management", "Adviser" or "Firm") qualifications and business practices. Northwest Asset Management additionally provides services under the dba RIA Innovations. If you have any questions about the contents of this brochure, please contact us at (206) 838-3680 or by email at [info@nwasset.com](mailto:info@nwasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Northwest Asset Management is also available at the SEC's website <https://adviserinfo.sec.gov> (under "investment adviser firm" and type in our Firm name).

We are a Registered Investment Adviser (RIA) Firm. Our registration as an RIA does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

---

## ITEM 1 – COVER PAGE ADV PART 2 A

March 28, 2024

CRD #: 147923

2835 82<sup>ND</sup> AVENUE SE, SUITE 100, MERCER ISLAND, WASHINGTON 98040

[INFO@NWASSET.COM](mailto:INFO@NWASSET.COM)

(206) 838-3680

[WWW.NWASSET.COM](http://WWW.NWASSET.COM)

---

---

## ITEM 2 – MATERIAL CHANGES

This brochure, dated March 28, 2024, has been prepared by Northwest Asset Management to meet SEC requirements. It has changed materially since our last annual update document in the following ways:

### Updated:

#### **ITEM 4e: Assets under Management (AUM)**

Northwest Asset Management, as of December 31, 2023, has \$2,233,042,575 in discretionary assets under management and \$1,038,334,488 in non-discretionary assets under management for \$3,271,377,063 total assets under management.

### New Language:

#### **4b: Types of Advisory Services**

##### Tax Preparation Services

In addition to traditional investment advisory services, the Firm also provides tax preparation services to its clients. The tax preparation services offered by the Firm are provided as a separate service from specifically approved IARs and are not included as part of the investment Tax advisory services.

#### **ITEM 5a: Fees**

##### Tax Preparation Fees

Fees for the Firm's tax preparation services are determined based on the complexity of the tax return and the services provided. Clients will be provided with a fee schedule outlining the applicable charges prior to engaging the Firm for tax preparation services. The Firm's fees for tax preparation are separate and distinct from the fees charged for investment advisory services.

---

**ITEM 3 – TABLE OF CONTENTS**

Item 1 – Cover Page ADV Part 2 A.....1

Item 2 – Material Changes .....2

Item 3 – Table of Contents.....3

Item 4 – Advisory Business.....4

Item 5 – Fees and Compensation.....6

Item 6 – Performance-Based Fees and Side-By-Side Management .....9

Item 7 – Types of Clients .....9

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....9

Item 9 – Disciplinary Information.....11

Item 10 – Other Financial Industry Activities and Affiliations .....11

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....12

Item 12 – Brokerage Practices .....12

Item 13 – Review of Accounts.....154

Item 14 – Client Referrals and Other Compensation .....15

Item 15 – Custody .....17

Item 16 – Investment Discretion.....17

Item 17 – Voting Client Securities .....18

Item 18 – Financial Information .....18

---

## ITEM 4 – ADVISORY BUSINESS

### 4a: Firm Description

Northwest Asset Management was established in July 2008 by managing member Gregory Allen Headrick, CFP®, Chief Compliance Officer. The firm's Chief Executive Officer is Nelly Mubashi, CRPS®. The main office is located at 2835 82<sup>nd</sup> Avenue SE, Suite 100, Mercer Island, Washington 98040.

### 4b: Types of Advisory Services

Northwest Asset Management offers a wide range of investment advisory, planning and consulting services tailored to our clients' needs.

#### Investment Management

We provide a customized approach to investment management. Our process includes defining goals, assessing risk, developing a strategy, implementing the strategy, monitoring progress. We provide ongoing reporting that can be accessed via the internet or provided through monthly statements. We understand that every client has unique goals and risk tolerance and we design an investment strategy for those unique circumstances. These may include a traditional and time tested strategic asset allocation approach or new and innovative active asset allocation strategies or a mix of other strategies.

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

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

#### Outside Portfolio Managers

The advisory services may include portfolio management and/or advice concerning selection of an outside portfolio manager. The specific terms and conditions under which a client engages an outside portfolio manager may be set forth in a separate written agreement with the designated outside portfolio manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective outside portfolio manager engaged to manage their assets.

We select and review outside portfolio managers based on the following factors:

- Past performance;
- Investment philosophy and style;
- Market outlook;
- Experience of portfolio managers and executive team;
- Disciplinary, legal and regulatory histories of the firm and its associates; and
- Review of ADV, including conflicts of interest

We do not calculate portfolio manager performance. Instead, we rely upon the performance figures based on client's monthly or quarterly statements or reports provided to us by outside portfolio managers. As a result, performance information may not be calculated on a uniform and consistent basis. You should be aware that our

firm cannot actively monitor outside portfolio managers conflicts of interest, daily trading activity and other operational issues.

#### Retirement Plans (ERISA, 401(k))

We understand the challenges employers face in providing retirement plan benefits (401K, Profit Sharing, SIMPLE, SEP, etc.) for employees. Our goal is to simplify our clients' lives through a responsive, integrated approach and deliver to you the level of service and expertise that you need, no matter the size or complexity.

#### Retirement Planning

Comprehensive retirement planning involves a complete financial review and the development of short-term and long-term strategies for financial success. We review your current situation, explore alternatives, analyze social security choices, and determine how best to structure your assets to help meet your goals.

#### Financial Planning

Whether you are saving for a particular goal, or planning for future college expenses, trying to determine if you need more insurance, or trying to figure out how to make the most of charitable contributions, you need to review your complete financial situation first. We will help you understand where you are and will develop a strategy that will help you meet your objectives.

#### Sub-Advisory Investment Management Services for Advisors

Northwest Asset Management offers investment sub-advisory services to unaffiliated investment advisers. Unaffiliated RIAs may choose to engage Northwest's Sub-Advisory Services for investment management of some or all their clients' assets. Northwest shall have day-to-day responsibility for the active discretionary management of the allocated assets based upon the written sub-advisory agreement signed by the unaffiliated advisor authorizing Northwest's appointment. The unaffiliated advisor RIA shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives.

#### Consulting

We provide a wide array of consulting services, which may vary greatly in depth and scope and may be offered in a variety of different situations or circumstances, that relate to your financial picture. We may consult with you regarding topics that are not covered under our general financial planning services or may not rise to the level of financial planning in the extent of data-gathering and breadth and depth of recommendations. We may consult on such items as a real estate purchase, a sales analysis, investment due diligence or a review of a financial account. Financial accounts may be accounts that are held at other firms or qualified retirement accounts held through the Client's employer. The scope and cost of our consulting services are defined in writing prior to the engagement and will depend on the complexity of the situation. Consulting services will be offered to any client who the advisor deems to have circumstances that could be aided by our consulting services. Some factors in this determination may be the advisor's experience and level of expertise with the situation. Client's always have the right to decide whether to engage the firm for consulting services.

#### Tax Preparation Services

In addition to traditional investment advisory services, the Firm also provides tax preparation services to its clients. The tax preparation services offered by the Firm are provided as a separate service from specifically approved IARs and are not included as part of the investment Tax advisory services.

#### RIA Innovations

Our RIA Innovations division provides back office services to registered investment advisors and other affiliated businesses, including:

- Front Office Support
- Back Office Support

- Technology
- Compliance
- Non-Discretionary Investment Management
- Succession Planning
- Marketing
- Bookkeeping
- HR Support

#### **4c: Client Tailored Relationships and Restrictions**

As a fiduciary, Northwest Asset Management always acts solely in the Client’s best interests. Each Client’s portfolio is customized based on the Client’s investment objectives. Clients may make requests or suggestions regarding the investments made in their portfolio. Restrictions on trading that, in the Adviser’s expert opinion, are not in the Client’s best interest cannot be honored.

#### **4d: Wrap Fee Programs**

Northwest Asset Management offers Choice Solutions, where appropriate, to interested prospects and advisory clients. Choice Solutions utilizes different custodians for the wrap free program. For more detailed information regarding our wrap fee program, Choice Solutions, please review the complete brochure.

#### **4e: Assets under Management (AUM)**

Northwest Asset Management, as of December 31, 2023, has \$2,233,042,575 in discretionary Assets under Management and \$1,038,334,488 in non-discretionary assets under management for \$3,271,377,063 total assets under management.

### **ITEM 5 – FEES AND COMPENSATION**

#### **5a: Fees**

Investment Management

We charge a fixed percentage of assets under management, a transaction fee or a flat fee.

The maximum annual fee is 1.75%. Fees are negotiable. As a result, fees may range from no charge to the maximum annual fee of 1.75%.

Fees may differ based on a number of factors:

- Size of the relationship – Larger accounts may receive more favorable pricing.
- Level of services needed – Accounts requesting more services may have higher fees.
- Investment Strategy
- Trading activity and active portfolio management – actively managed accounts generally have higher fees than fixed income accounts, buy and hold portfolios, and mutual fund or exchange traded fund accounts.
- Advisor expertise and experience
- Comprehensive Financial Planning

Although the firm’s advisors may provide similar services, fees may differ from advisor to advisor. You may contact us at [info@nwasset.com](mailto:info@nwasset.com) to request specific fee quotes for specific services from our investment advisor representatives.

Fee waivers or discounts which are not available to clients may be offered to Owners, Directors, Officers and Associated Persons of Northwest Asset Management and our related as well as to family members and friends of associated persons of Northwest Asset Management. It is important to note that it is possible that different investment advisor representatives may charge different asset management or account service fees or may waive

certain custodian fees for providing the same types and level of service to clients. The specific level of services you will receive, and the asset management fees you will be charged will be specified in your investment advisory agreement.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded.

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting them in implementation of all appropriate documents. We are not responsible for attorney or accountant fees charged to you as a result of these activities.

Outside Portfolio Managers Fees to outside portfolio managers may be included as part of the Northwest Asset Management's fee outlined above with a portion of the fee charged going to the outside portfolio manager. The fee may also be charged in addition to Northwest Asset Management fees outlined above. When the fee is charged separately, specific fees and other terms and conditions under which a client engages an outside portfolio manager will be set forth in a separate written agreement with the designated outside portfolio manager. Fees for outside portfolio managers range from .2% to 1% of assets under management. Total fees will not exceed the industry standard of excessive fees which is 3%.

#### Retirement Plans (ERISA, 401(k))

Fees for retirement plan ERISA planning and consulting services depend on the types of services that serve the client. For 401(k) or profit sharing plans, we typically use our standard fee table or another negotiated rate, which generally depends on the size of the plan and the services rendered. For larger plans, we may charge a fixed annual fee directly to the Plan Administrator for our services. This "conflict free" model of contracting directly with the Plan Administrator, without being contractually or revenue bound to any 3<sup>rd</sup> party money manager, allows us to provide our services knowing we are only working towards your goals and needs.

In certain legacy cases, we have arrangements with Plan Sponsors and 3<sup>rd</sup> party money managers, but this is not a model we employ any longer. There is a chance for conflict in certain cases, where we may receive 12b-1 fees as registered representatives, as described in Item 10 below.

#### Retirement Planning / Financial Planning

Fees for retirement and financial planning services are based on an hourly rate of up to \$350.00 per hour, due at time of service. Adviser will also perform certain financial consulting projects on a fixed fee basis. Fixed fee projects fees will range widely depending on the services being offered, the length of the contract and the complexity of the work.

#### Consulting

Fees for consulting services are based on an hourly rate of up to \$350.00 per hour, depending on the types and levels of services provided. The services may be billed at the time work is performed, although contracts may specify the total number of hours expected in total. Fees are due within 10 days of invoice.

#### Tax Preparation Fees

Fees for the Firm's tax preparation services are determined based on the complexity of the tax return and the services provided. Clients will be provided with a fee schedule outlining the applicable charges prior to engaging the Firm for tax preparation services. The Firm's fees for tax preparation are separate and distinct from the fees charged for investment advisory services.

#### RIA Innovations

Our RIA Innovations unit generally provides client management, monitoring and operational support programs. These are charged on a quarterly basis for services set forth in the agreement the participating advisor signs with us.

*Asset Management:* In certain cases, RIA Innovations will provide non-discretionary portfolio management services. In these cases we are paid a portion of the participating advisors fee that is charged to the end client. Our fee is typically 0.08% annually. For purposes of determining value, securities and other instruments are valued at the last reported sale price on the principal market in which they are traded. These fees may be negotiable and are set forth in the agreement between RIA Innovations and the participating advisor. In total, the fee charged to the end client should not exceed the fee a client would pay if it worked directly with RIA Innovations. This fee is paid quarterly, in advance or arrears as designated in the agreement.

## **5b: Fee Payments Options**

Northwest Asset Management requires written authorization from the client to deduct advisory fees from an account held by a qualified custodian. The custodian pays from your account when we submit written notice of the amount of the fee to be deducted. We submit invoices quarterly, in advance or arrears, as it stated in the client agreement. If there is insufficient cash in your account, securities may be sold. In addition to our fees, there may be custodial, mutual fund or third-party management fees and charges.

### Retirement Plans (ERISA, 401(k))

Fees for our work and consultation on retirement plans differ greatly depending on services selected and the size and complexity of the plan. Services may be based on a recurring fixed fee payment, percentage of assets being managed or as a part of fees paid to third-party money managers. The fees are paid quarterly in advance or arrears as designated in the construction of our agreement with you.

### Retirement Planning / Financial Planning Fixed Fees

Services performed on a fixed fee basis are paid as set forth in our agreement with you. Depending on the size and scope of the project, we may request fees up front, a partial retainer or to be paid in full upon completion. All invoices are due within ten (10) days of invoice.

### RIA Innovations

We have different payment methods depending on the specific arrangements set forth in our agreement with the advisory client.

## **5c: Third Party Fees**

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by custodians, broker dealers, mutual funds and other third parties. All fees and charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. These potential fees include but are not limited to mutual funds fees, trading fees, transaction fees, exchange fees, transfer taxes, custodial fees, administrative fees for MF/ETFs and wire transfer and electronic funds processing fees. You bear the responsibility for verifying the accuracy of fee calculations. Wrap fee clients should refer to the wrap fee brochure for definitions of these fees.

## **5d: Termination and Payments**

Our fees are paid in advance, arrears or at the time of service, as detailed in each program details in Item 5b above. Either Northwest Asset Management or our client may terminate the investment advisory relationship at any time for any reason. When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made in the month following the end of the quarter in which the contract was terminated.

When an agreement is terminated, we will no longer have access to your account. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.



For California Residents: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment Advisers disclose to their Clients that lower fees for comparable services may be available from other sources. Pursuant to California Rule 260.235.2, a conflict exists between the interests of the Adviser or its associated persons and the interest of the Client; the Client is under no obligation to act upon this Adviser's or associated person's recommendations. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the Adviser or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

#### **5.e: Other Investment Compensation**

Some representatives of Northwest Asset Management may receive commissions for the sale of securities or other investment products, including asset-based sales charges, 12b-1 fees, and service fees from the sale of mutual funds. This interest may conflict with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the "best execution" policy stated below in Item 12a that such compensation is reasonable in relation to the value of the services provided by such executing broker-dealers. Upon a client's request, Northwest Asset Management's representatives will make available a description of what the manager obtained through soft dollar arrangements and/or 12b-1 fees, the names of the broker-dealers providing those fees, products or services, the amount of commissions generated for the requesting client's account, and other information regarding the use of the particular broker-dealer.

---

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Northwest Asset Management does not charge advisory fees on the performance of funds or securities in your account.

---

### **ITEM 7 – TYPES OF CLIENTS**

We generally provide asset management and financial planning services to the following types of Clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations

There is no account minimum. However, the Adviser may decline to accept clients with portfolios under \$500,000. Clients should carefully review the disclosure documents of outside portfolio managers and sub-advisers regarding account minimums and whether those account minimums are negotiable.

---

### **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **8a: Strategies and Analysis**

Northwest Asset Management uses multiple strategies in order to best meet the diverse needs of our clients. We use multiple sources of information in performing our research, including sources such as reports and articles in financial media, financial magazines, research prepared by others, industry publications, corporate rating services, prospectuses, company press releases and annual reports and filings with the SEC. Northwest Asset Management uses fundamental and technical analysis to evaluate securities and market conditions. Fundamental analysis does not attempt to anticipate market movements. Technical analysts do not attempt to measure a security's intrinsic value. Using these methods of analysis presents potential risks as prices of securities can move up or down due to company-specific circumstances as well as in line with the overall market regardless of the fundamental or technical factors considered in evaluation.

We believe it is important that each client know that our strategy is tailored to best meet their goals and needs. Each client presents a unique profile, and we may employ one or more strategies or methods to meet their goals.

## Modern Portfolio Theory

Northwest Asset Management generally adheres to the principles of Modern Portfolio Theory, which advocates investing across different asset classes to increase diversity and reduce risk. Based on our research and the research of others, we will generally diversify your assets among cash equivalents (money market funds); high-quality, short-term bonds; large and small company stocks; and growth (higher-priced) and value (lower-priced) stocks in the U.S. and foreign developed markets. In certain circumstances, large, small, growth, and value stocks in select emerging markets and/or shares of real estate investment trusts (REITs) and commodity indexes will be included in diversified portfolios.

Asset Allocations Northwest Asset Management recommends a mix of asset classes for your portfolio based on an assessment of your long-term financial objectives. Where appropriate, we will recommend an allocation to high-quality, short-term bonds (within a broadly diversified index or asset class mutual fund) to reduce overall portfolio risk, generate a more predictable cash flow (interest income), facilitate portfolio rebalancing, and provide a hedge against inflation.

If your objective is a higher annual expected return and you are willing to accept a higher degree of risk, we will recommend a portfolio with greater allocations to stocks in general and small company and value stocks specifically (using index or asset class mutual funds). Recommended stock allocations will generally be globally diversified among the U.S. and foreign developed markets. In certain circumstances, we may include emerging markets and REITs in limited percentages. Our recommended asset allocation is not influenced by current market conditions. This asset allocation (which becomes your written "Investment Policy") is altered only when your long-term investment objectives have changed.

## Rebalancing

Asset allocations for your portfolio will change as financial markets rise and fall and the specific assets of different parts of your portfolio change. This creates the opportunity to selectively rebalance your portfolio in order to bring asset class percentages back to your target allocation. Asset classes that have risen beyond predetermined limits are sold by an amount that brings the allocation back in line with targets, and those that have fallen in value are purchased in the same way. This is a method of buying low and selling high that is not based on trying to predict the direction of markets or asset returns.

This rebalancing has the effect of enhancing portfolio returns while maintaining the agreed-upon risk. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, Northwest Asset Management has pre-determined ranges in which allocations may vary and at which rebalancing is initiated.

## Specific Investments

While we generally select ETFs, mutual funds or similar securities, we may at times select individual securities or build individual stock portfolios for our clients. In these cases, Northwest Asset Management examines each securities management, financial condition, and market position and ensures that any purchases of individual securities work towards the client's portfolio goals, investment horizons and exposure to risk. Individual stocks present potential risks as prices of individual securities can move up or down due to general economic conditions, industry specific conditions, government regulations or corporate management, among other factors.

## **8b: Investment Strategy Risks**

As recent global and domestic economic events have indicated, performance of any asset or asset class is not guaranteed, and can indeed be unpredictable. As a result, there is a risk of loss of the assets we manage as a result of both allocation and the status of the markets when we rebalance.

While all current research, academia and data allow us to understand and map asset classes and their risk and return, there is a risk that they, or our analysis, are wrong and will lead to losses. Additionally, correlations among asset classes may be judged incorrectly, which also may incur risk of loss as diversification may not be properly balanced. Additionally, minor or severe market conditions may significantly drive gains or losses in one asset class

over another, causing unexpected losses. There is a risk that rebalancing at any moment in time will not match current market directions, leading to risk of loss.

### **8c: Risk of Loss**

All investments include a risk of loss. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts as fiduciary to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss. Northwest Asset Management will use our best judgment and act as fiduciary in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the agreement and understand that investment decisions made for any accounts are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by Northwest Asset Management with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

---

## **ITEM 9 – DISCIPLINARY INFORMATION**

We do not have any legal, financial or other “disciplinary” items to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating our Firm and its associated persons.

---

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **10a: Broker Dealers and Registered Representatives**

Certain associated persons of Northwest Asset Management are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a registered broker-dealer and member FINRAISIPC. PKS is a broker-dealer that is independently owned and operated and is not affiliated with our firm. In order to comply with FINRA Conduct Rule 3280, PKS as an unaffiliated broker-dealer may periodically review the investment advisory transactions of our firm. This information will be viewed by PKS' compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance.

Employees who are registered representatives are paid fees/commissions based on sales of securities, which may include 12b-1 fees. When acting in the capacity of a registered representative, the Adviser and/or associated persons may place clients in investment products sold through PKS and may receive the usual and customary commissions or fees on the products that the client purchases. Receiving commissions on products may cause a conflict of interest. Therefore, the advisory client is free to select any broker dealer company the client desires for implementation of Adviser's recommendations.

### **10b: Registration as Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor**

Neither Northwest Asset Management nor our employees hold any of the above registrations.

### **10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

The principal business of Northwest Asset Management is that of a registered investment adviser and provider of financial planning services. Some of the principals and associated persons of the firm may be licensed as insurance agents and consultants. When acting in the capacity of an insurance agent, the Adviser and associated persons may receive the usual and customary commissions or fees associated with the insurance products that the client purchases. Receiving commissions on insurance products may cause a conflict of interest. Therefore, the advisory client is free to select any insurance company the client desires for implementation of advisor's insurance recommendations.

#### **10d: Selection of Other Advisors and How this Adviser is Compensated for those Selections**

Northwest Asset Management may select outside money managers or sub-advisors. We are not compensated for that selection. A portion of the fees you pay us may be used to compensate the third party or money manager. The fees paid and parties involved are clearly set forth in the agreements between Northwest Asset Management, our client and the third party money manager or sub-advisor.

---

### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **11a: Code of Ethics Description**

We have adopted a Code of Ethics to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states that Northwest Asset Management and its investment advisor representatives and employees shall always:

- Act with integrity, competence, dignity, and ethically when dealing with the public, clients, prospects, employers, and employees.
- Exercise its authority and responsibility for the benefit and interest of its clients first and to refrain from having outside interests that conflict with the interests of its clients. Northwest Asset Management must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients.
- Refrain from disclosing any nonpublic personal information about a client to any nonaffiliated third party unless the client expressly gives permission to Northwest Asset Management to do so. All client information will otherwise be treated as confidential.
- Maintain the physical security of nonpublic information, including information stored on computers.

This Code of Ethics is in place to guide the personal conduct of our team and embodies our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of the Northwest Asset Management Code of Ethics is available, free of charge, upon request.

#### **11b, c & d: Participation or Interest in Client Transactions**

Northwest Asset Management, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases Northwest Asset Management, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client. There are possible conflicts of interest, which our Code of Ethics addresses. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

Northwest Asset Management does not buy or sell between client accounts and Northwest Asset Management or employees. We will not recommend securities or other investment products to our clients in which Northwest Asset Management or any related person has an ownership or proprietary interest.

Northwest Asset Management always tries to get the best price for the client. Northwest Asset Management has in place internal controls and processes to allow contemporaneous trading (submitting Northwest Asset Management or employee orders at the same time as client order) in block or aggregate trades. In other cases, except in the case of unaffiliated mutual funds, we will always trade individual securities in a client account before we trade Northwest Asset Management or employee accounts.

---

### **ITEM 12 – BROKERAGE PRACTICES**

#### **12a: Selecting Brokerage Firms**

Except to the extent that you direct otherwise, we may recommend a broker-dealer. Northwest Asset Management participates in different custodian and broker dealer programs, including but not limited to Fidelity Investments or Charles Schwab programs. Broker dealers offer to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Northwest Asset Management receives some benefits from broker-dealers through its participation in their programs. (Please see the disclosure under Item 14.a below.)

You are not obligated to effect transactions through any broker-dealer recommended by Northwest Asset Management. In recommending broker-dealers, we generally seek “best execution.” In recommending a broker-dealer we will comply with our fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934 and will take into account such relevant factors as (a) price, (b) the broker-dealer’s facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, (d) the research and related brokerage services provided by such broker or dealer to Northwest Asset Management, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors Northwest Asset Management considers to be relevant.

To avoid creating a possible conflict of interest in recommending broker-dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- Northwest Asset Management adheres to our Code of Ethics as outlined in Item 11 above.
- If Northwest Asset Management receives separate compensation for transactions, we will fully disclose them.
- Northwest Asset Management emphasizes the unrestricted right of you to select and choose your own broker or dealer.
- Northwest Asset Management will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

### **Your Custody and Brokerage Costs**

Custodian/brokers generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that it executes or that settle into your account. For some accounts, client’s may be charged a percentage of the dollar amount of assets in the account in lieu of commissions. Custodian rates may be determined by committing a certain value of assets at a particular custodian/broker. This commitment benefits you because the overall rates you pay may be lower than they would be if we had not made the commitment. You may also be charged a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer.

### **Products and Services Available to Us**

Custodians may provide Northwest Asset Management and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to retail customers. These services and research are known as “soft dollars.” Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Northwest Asset Management may receive soft dollar products and services from broker dealers, custodians or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows Northwest Asset Management to supplement, at no client cost, its own research, marketing and analysis activities. Additionally, various support services may be provided that help us manage or administer our clients’ accounts or help us manage and grow our business. Typically support services are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we maintain a minimum value of client assets at the custodian/broker. If we fall below minimum commitments, we will be charged fees, which may represent a conflict of interest.

### **Services that Benefit You.**

You gain access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through some brokers include some to which might not otherwise be available or would require a significantly higher minimum initial investment by our clients.

### **Services that May Not Directly Benefit You.**

Other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both from the broker and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at the broker from which we received benefit. In addition to investment research, brokers may also make available software or 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;
- assist with back-office functions, recordkeeping and client reporting;
- reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues; and
- on-line news services and financial and market database services.

### **Services that Generally Benefit Only Us.**

Some services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- seminars;
- technology, compliance, legal, marketing and business consulting and assistance;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

These services may come directly from a custodian/broker or in other cases, it will be arranged by third-party vendors. The broker may also discount or waive its fees for some of these services or pay all or a part of a third party's fees or us with other benefits such as occasional business entertainment of our personnel.

The availability of these services benefits us because we do not have to produce or purchase them, which may be a conflict of interest. We believe, however, that our selection of our custodians and brokers is in the best interests of our clients. It is primarily supported by the scope, quality and price of services and not just those services that benefit only us. In cases where minimum asset balances are required, we believe we will have no difficulties maintaining minimum valuation in order to avoid paying service fees or that maintaining them presents a material conflict of interest.

### **12.b: Aggregation & IPOs**

We have adopted policies and procedures for aggregating and allocating client securities transactions. If each client participating in an aggregate order receives its full allocation, then each participating client generally receives the average price per share paid or received for the purchased or sold securities with transaction costs shared pro rata among participating clients. If each client participating in an aggregated order receives less than its full allocation, then each participating client generally receives its pro rata share of the executed order with transaction costs shared proportionately.

We have in place policies and procedures for the participation of eligible portfolios in initial public offering ("IPO") allocations. These allocations are based upon the client's investment guidelines, objectives, restrictions, liquidity

requirements, or other factors. We determine portfolios eligible to participate in initial public offerings on an ongoing basis. In some circumstances, IPO allocations may not be fully filled, at which point each participating client generally receives its pro rata share of the executed order with any costs shared proportionately.

---

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **13a: Periodic Reviews**

Investment management and consulting accounts, and retirement ERISA plans are reviewed by Gregory Headrick, CCO or a qualified staff member. All reviews are either conducted or supervised by Gregory Headrick, CCO. The frequency of reviews is determined based on the client's investment objectives or plan, but no less than annually. More frequent reviews may also be triggered by a change in the client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.

Financial planning clients receive their financial plans and recommendations at time service is completed. Depending on the type of financial planning service requested, advisor will meet on a regular basis with clients to discuss any potential changes to their financial plan.

RIA Innovations Advisor's clients' accounts are reviewed by the participating advisor. Our RIA Innovations division makes available a wide range of reporting options for our participating advisors to reviews their clients' accounts.

### **13b: Review Triggers**

More frequent reviews are triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

### **13c: Regular Reports**

All investment advisory clients receive reports as needed, but no less than annually, on representative investments recommended specifically by the Northwest Asset Management. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis.

Financial planning clients do not normally receive investment reports.

RIA Innovations participating Advisor's clients' accounts are reviewed by the participating advisor. The RIA Innovations division makes available a wide range of reporting options for our participating Advisors to provide to their clients.

---

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

As disclosed under Item 12 above, Northwest Asset Management participates in and may recommend to clients broker-dealers for custody and brokerage services. Adviser may receive from broker-dealers certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisers participating in the program.

The custodian may provide Additional Services to Adviser in its sole discretion and at its own expense, and Adviser does not pay any fees for the Additional Services. Adviser and have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Northwest Asset Management participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money

managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Northwest Asset Management by third party vendors.

Adviser's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Adviser, custodian most likely considers the amount and profitability of the assets in, and trades placed for, Adviser's Client accounts. The custodian or broker dealer always has the right to terminate the Additional Services Addendum with Adviser, in its sole discretion, provided certain conditions are or are not met. Consequently, in order to continue to obtain the Additional Services, Adviser may have an incentive to recommend to its Clients that the assets under management by Adviser be held in custody with the custodian and to place transactions for Client accounts with the custodian. Adviser's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

Broker-dealers may also have paid for business consulting and professional services received by Northwest Asset Management's related persons. Some of the products and services made available by broker-dealers through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at the broker-dealer. Other services made available are intended to help us manage and further develop our business enterprise.

The benefits received by Northwest Asset Management or our personnel through participation in the program does not depend on the amount of brokerage transactions directed. As part of our fiduciary duties to clients, Northwest Asset Management endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Northwest Asset Management or our related persons in and of itself creates a potential conflict of interest and may indirectly influence the our choice of broker-dealer for custody and brokerage services.

Northwest Asset Management will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Charles Schwab

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **14b: Compensation to Non-Advisory Personnel for Client Referrals**

Northwest Asset Management does not compensate anyone for client referrals.

---

### **ITEM 15 – CUSTODY**

Qualified custodians, Schwab Institutional, Fidelity Investments and/or other custodians, hold clients' accounts. Northwest Asset Management may have custody of Client assets (i) where we have authority to withdraw advisory fees upon our instruction to the custodian and (ii) where we request Client funds to be disbursed pursuant to a standing letter of authorization. With the exception aforementioned custody, and other than to withdraw advisory fees or to disburse funds or securities pursuant to a standing letter of authorization, Northwest Asset Management shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or associated persons of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.



---

## ITEM 16 – INVESTMENT DISCRETION

### Investment Management and Consulting

Our clients generally provide signed permission to grant Northwest Asset Management ongoing and continual discretionary access to their accounts. This discretionary authority allows us to manage your account according to the investment strategies without calling you in advance of appropriate transactions. In the cases where we are not granted discretion, we must receive permission from the client to make any trades on a non-discretionary basis.

### Retirement Plans (ERISA)

Depending on the type of plan and how it is arranged, Northwest Asset Management may or may not have discretionary control of retirement plans' assets or their accounts and it is clearly set forth in the plan agreement.

### RIA Innovations

Asset Management: RIA Innovations provides services through its asset management program on a non-discretionary basis.

---

## ITEM 17 – VOTING CLIENT SECURITIES

Northwest Asset Management does not vote proxy for any of its clients. Each client is responsible for receiving and voting proxies for any and all securities maintained in their account. You are welcome to delegate proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form(s). However, do not hesitate to contact us if you need any help or clarification regarding proxies.

---

## ITEM 18 – FINANCIAL INFORMATION

### 18a: Financial Information

Northwest Asset Management does not solicit prepayment of more than \$1,200 six or more months in advance and is not required to file a balance sheet.

### 18a: Financial Condition

In accordance with the C.A.R.E.S. Act, NWAM, LLC received loans in April 2020 in the amount of \$523,000 guaranteed by the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan program (EIDL). NWAM, LLC applied for the loans and utilized the funds in accordance with the required C.A.R.E.S. guidelines. On December 1, 2020, NWAM, LLC received confirmation that the loan was forgiven.

NWAM, LLC is not currently experiencing, and does not currently anticipate, any financial condition that it believes is reasonably likely to impair its ability to meet contractual commitments to clients.

### 18c: Bankruptcy Petition

Northwest Asset Management has not been the subject of a bankruptcy petition in the last ten (10) years.