



## Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of Nicholas Wealth Management (“Nicholas Wealth Management” or “NWM”). If you have any questions about the contents of this brochure, please contact us at (404) 890-5606 or by email at: [info@nicholaswealth.com](mailto:info@nicholaswealth.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 Nicholas Wealth Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).  
Nicholas Wealth Management’s CRD number is: 282635.*

218 Roswell St NE, Suite 200 Marietta, GA 30060  
(404) 890-5606  
[info@nicholaswealth.com](mailto:info@nicholaswealth.com)  
Registration does not imply a certain level of skill or training.

Version Date: 4/15/2025

## Item 2 - Material Changes

Since the last filing in August of 2025, the following changes have occurred at Nicholas Wealth Management:

Item 4: Services Fees and Compensation, NWM disclosed that as advisers to the Nicholas Fixed Income Alternative ETF, Nicholas Global Equity & Income ETF (“The Funds”) and the Nicholas Crypto Income ETF, NWM receives compensation. NWM mitigates this conflict of interest by reducing the management fee of advisory assets invested in affiliated funds. NWM added disclosure regarding their obligations under the Employee Retirement Income Security Act (“ERISA”) and updated assets under management as of December 31, 2024.

Additional changes were made throughout for language consistency and clarification.

## Item 4: Services Fees and Compensation

Nicholas Wealth Management (hereinafter “NWM”) offers the following services to advisory clients:

### A. Description of Services

NWM participates in and sponsors a wrap fee program, which allows NWM to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule is set forth below:

Total Assets Under Management	Annual Fees
\$0 - \$500,000	2.00%
\$500,001 - \$1,000,000	1.85%
\$1,000,001 - \$2,000,000	1.50%
\$2,000,001 – And Up	1.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit I of the client contract. NWM uses the last day of previous month for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client’s accounts with client’s written authorization or may be invoiced to the client and paid by check, and clients may select the method in which they are billed. Advisory fees are withdrawn directly from the client’s accounts with client written authorization. Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days’ written notice.

Other Fees You Should Understand

NWM is the investment adviser to the Nicholas Fixed Income Alternative ETF, the Nicholas Global Equity & Income ETF and the Nicholas Crypto Income (“The Funds”). The Funds charge separate fees and expenses not included in the above advisory fees. These separate fees are described in the Funds’ prospectus and will generally include a management and distribution fee.

A portion of NWM proprietary ETF sales are made through wrap and non-wrap accounts. However, NWM mitigates this conflict by modifying the advisory fee for assets invested in any NWM affiliated fund to 1%. Clients will also be charged separate fees and expenses associated with the Funds. Clients should refer to the Funds’ prospectus <https://nicholasx.com/> for more information.

Clients may invest in the Nicholas Fixed Income Alternative ETF and Nicholas Global Equity & Income ETF directly. Clients who choose to do so should review the fees charged by the Funds to fully understand the total amount of fees and to evaluate the advisory services being provided. Clients have full discretion to request the removal of the Nicholas Fixed Income Alternative ETF and Nicholas Global Equity & Income ETF from their account.

NWM is registered as an Investment Adviser under the Investment Advisers Act of 1940 and is therefore qualified to be appointed an Investment Manager under section 402(c)(3) of ERISA. We acknowledge that, regarding those clients for which we serve as an Investment Manager as defined in section 3(38) of ERISA, we are a Fiduciary as defined in section 3(21)(A) of ERISA.

## **ERISA / IRC Fiduciary Acknowledgment**

When NWM provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way NWM makes money creates certain conflicts with client interests, NWM operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, NWM must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that NWM gives advice that is in the client's best interest; charge no more than is reasonable for NWM's services; and give the client basic information about conflicts of interest.

### **Retirement Plan Rollovers**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan: (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Clients may engage in a combination of these options and each has advantages and disadvantages. Before making a change, NWM encourages clients to speak with their CPA and/or tax attorney. If NWM recommends that a client roll over their retirement plan assets into an account to be managed by NWM, such a recommendation creates a conflict of interest if NWM will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by NWM.

As part of our investment advisory services to you, NWM may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that NWM will manage on your behalf. If you elect to roll the assets to an IRA that is subject to NWM management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also 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. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. As a fiduciary, we are required to document the reason(s) for why the recommendation we made is in your best interest. NWM also mitigates this conflict by modifying the advisory fee for assets invested in any NWM Affiliated fund to 1%.

#### **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

#### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as mutual fund fees.

#### **D. Compensation of Client Participation**

Neither NWM, nor any representatives of NWM receive any additional compensation beyond advisory fees for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, NWM may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

NWM generally provides its wrap fee program services to the following types of clients:

- Individuals

- High-Net-Worth Individuals
- Charitable Organizations

The account minimum is \$500,000 for NWM's services. This account minimum can be waived at NWM's discretion.

## **Item 6: Portfolio Manager Selection and Evaluation**

NWM will select outside portfolio managers in addition to itself for management of this wrap fee program.

### **A. Selecting/Reviewing Portfolio Managers**

#### **Standards Used to Calculate Portfolio Manager Performance**

Performance of portfolio managers will be measured on an ongoing basis to make sure managed accounts are in line with their stated objectives and goals.

#### **Review of Performance Information**

NWM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed annually and is reviewed by NWM.

### **B. Related Persons**

NWM and its personnel serve as the portfolio managers for a portion of all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses NWM's management of its portion of the wrap fee program. However, NWM addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

### **C. Advisory Business**

NWM offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

#### **Wrap Fee Portfolio Management**

NWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. NWM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

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

#### **Performance-Based Fees and Side-By-Side Management**

NWM does not earn fees based on a share of the capital gains or capital appreciation of managed securities. NWM does not receive any performance-based fee structure compensation

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

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

inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. NWM may use other securities as well to help diversify a portfolio when applicable.

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

NWM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent NWM from properly servicing the client account, or if the restrictions would require NWM to deviate from its standard suite of services, NWM reserves the right to end the relationship.

### **Wrap Fee Programs**

NWM sponsors and acts as portfolio manager for this wrap fee program. NWM manages a portion of the investments in the wrap fee program but does not manage those wrap fee accounts any differently than non-wrap fee accounts. The fees paid to the wrap account program will be given to NWM as a management fee and a portion will be distributed to sub-advisers.

### **Amounts Under Management**

As of December 31, 2024, we had USD \$353,505,252 in assets under management.

To avoid the appearance of double counting assets under management, this figure does not include assets under management advisory clients that are invested in the Nicholas Fixed Income Alternative ETF and the Nicholas Global Equity & Income ETF ("GIAX"), although these assets are included as regulatory assets under management in Item 5(D)(3) of our Form ADV, Part 1A.

### **Methods of Analysis and Investment Strategies**

NWM's methods of analysis include Charting analysis, Cyclical analysis, Fundamental analysis, Modern portfolio theory, Quantitative analysis and Technical analysis.

Charting analysis involves the use of patterns in performance charts. NWM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security. Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

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

NWM uses long term trading, short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

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

### **Material Risks Involved**

Charting analysis strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Modern portfolio theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

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

### **Risks of Specific Securities Utilized**

NWM's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of

concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

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

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

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

Private placements carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

Venture capital funds invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development. Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well- diversified investment in commodities can be uncertain.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

Non-U.S. securities- present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available. Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

#### **Voting Client Proxies**

NWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 7: Client Information Provided to Portfolio Managers**

NWM is a portfolio manager for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by NWM. As that information changes and is updated, NWM will have immediate access to that information once collected.

### **Item 8: Client Contact with Portfolio Managers**

NWM places no restrictions on client ability to contact its portfolio managers. David Nicholas can be contacted during regular



business hours and contact information is on the cover page of David Nicholas's Form ADV Part 2B brochure supplement. David Nicholas is the primary contact for all portfolio managers at NWM and other sub-adviser's. With sub-adviser approval clients may contact the sub-adviser directly.

## **Item 9: Additional Information**

### **Criminal or Civil Actions**

#### **A. Disciplinary Action and Other Financial Industry Activities**

There are no criminal or civil actions to report.

### **Administrative Proceedings**

There are no administrative proceedings to report.

### **Self-regulatory Organization Proceedings**

There are no self-regulatory organization proceedings to report.

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

As registered representatives of World Equity Group, Inc., David Alexis Nicholas accepts compensation for the sale of securities.

### **Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.**

Neither NWM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

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

David Alexis Nicholas is a registered representatives of World Equity Group, Inc. and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. NWM always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of NWM in such individual's capacity as a registered representative.

Certain NWM investment adviser representatives are independent licensed insurance agents, and from time to time, will offer clients advice or products from those activities.

Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. NWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of NWM in connection with such individual's activities outside of NWM.

NWM investment adviser representatives may also act as independent licensed insurance agents, and from time to time, our financial professionals may recommend that clients utilize insurance products (for example, a fixed index annuity ("FIA") as part of the client's overall financial plan in lieu of separately managed accounts (specifically, in lieu of cash and fixed income asset classes). Clients should be aware that there are a number of conflicts of interests that are present due to our planning philosophy and recommendations to utilize insurance products in this nature. You may therefore work with your NWM financial professional in both their capacity as an investment adviser representative of NWM, as well as in their capacity as an insurance agent through our affiliated company Nicholas & Company Inc. As such, your NWM financial professional, in their dual capacity as an IAR and insurance agent, may advise you to purchase insurance products and then assist you in implementing the recommendations by selling you those same products.

In exchange for selling you those products, the financial professional will typically be paid a commission. This recommendation that a client purchase an insurance product through them as an insurance agent presents a conflict of interest, as the receipt of commissions is an incentive to recommend products that could potentially be based on commissions rather than your personal needs and objectives.



Furthermore, commissions may vary by product, and each individual product may have different commission rates, encouraging the financial professional to recommend products that may pay higher commissions over the products that make the most sense for you.

In addition, insurance products may also have different payment schedules depending on the nature of the product, and the timing of the payments likely differ from that of the advisory options offered by NWM. This timing difference has the potential to create a conflict of interest since some financial professionals may have the incentive to recommend a product that pays commissions now, over an advisory product that pays commissions over a relatively longer period. As an example, all other variables held equal, a 5% commission paid by an insurance company upon sale of a \$100,000 annuity product, may be more attractive to a financial professional than a one percent (1%) advisory fee charged on a \$100,000 account paid over a period of five (5) years, despite the overall pre- tax compensation paid to the financial professional being equal.

There are other conflicts present as well. Our affiliate company, Nicholas & Company, utilizes the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. The purpose of the IMO is to assist us in finding the insurance company product that best fits the client's situation, although the IMO also offers special incentive compensation to our investment adviser representatives when they act in their separate capacities as insurance agents if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. These awards are typically awarded to the Firm based upon the aggregate sales of insurance products. This creates a conflict of interest for NWM financial professional to utilize the products recommended by the IMO.

Advisors Excel is a related company of AE Wealth Management. Advisors Excel provides affiliate members such as our insurance firm, Nicholas & Company, with marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and our firm's efficiency, back office and operations support to assist in the processing of our insurance (through Advisors Excel) and investment advisory services (through AE Wealth Management) for clients, and business succession planning for our firm. Although some of these services may directly benefit a client, other services obtained by us from Advisors Excel such as marketing assistance and business development may not benefit an existing client. There is a conflict of interest when NWM use the sub-adviser and financial planning services of AE Wealth Management because we are influenced to use AE Wealth Management based upon our relationship and services provided and support of Advisors Excel.

NWM has taken a number of steps to manage this conflict of interest. As a fiduciary, we expect and require that each investment adviser representative only recommend insurance and annuities when in the best interest of the client. The sale of commission- based products is supervised by the firm's Managing Members, and the firm makes periodic reviews of its insurance recommendations to ensure that our financial professionals act in accordance with our fiduciary duty. If you have any questions or concerns about annuity recommendations made during the financial planning process, we encourage you to immediately bring it to the attention of your investment professional or the CCO.

Finally, you should be aware that there are other insurance products that are offered by other insurance agents other than those recommended by our financial professionals. You are under no obligation to implement any insurance or annuity transaction through NWM.

David Alexis Nicholas is the owner of Nicholas Holdings, LLC, a real estate holding company. Cynthia Joy Panian is an executor of Steven Javery estate. This is the result of a personal relationship and does not obligate NWM to a surprise custody exam.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### **Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **Recommendations Involving Material Financial Interests**

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

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

From time to time, representatives of NWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of NWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. NWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of NWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of NWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, NWM will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

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

NWM monitors client accounts on an ongoing basis using portfolio accounting software to review account allocations. Periodically, but no less than annually, client accounts are reviewed by the financial professional responsible for managing your account with regards to your investment policies, objectives, and risk tolerance levels. More frequent review reviews may be triggered by material changes in such factors as the client's individual circumstances (marriage/divorce, job change, children, etc.) or perceived increased or decreased risk due to external factors, such as market volatility resulting in asset allocations deviating significantly from target.

### **Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### **Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

NWM will also receive soft dollar benefits discussed in Item 12 above, though there is no direct link between NWM's participation in the Schwab Program and the investment advice it gives to its clients.

Custodians/broker-dealers will be recommended based on NWM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and NWM may also consider the market expertise and research access provided by the broker- dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in NWM's research efforts. NWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker- dealer/custodian.

NWM will require clients to use Charles Schwab ("Schwab") Member FINRA/SIPC.

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

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

incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that NWM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

NWM participates in the institutional advisor program (the "Program") offered by Schwab. Schwab offers to independent investment advisor services which include custody of securities, trade execution, clearance and settlement of transactions. NWM receives some benefits from Schwab through its participation in the Program.

As disclosed above, NWM participates in Schwab's institutional advisor program and NWM may recommend Schwab to clients for custody and brokerage services. There is no direct link between NWM's participation in the Program and the investment advice it gives to its clients, although NWM receives economic benefits through its participation in the Program that are typically not available to Schwab retail investors. 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 NWM 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 NWM's 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 NWM by third party vendors. Schwab may also pay for business consulting and professional services received by NWM's related persons. Some of the products and services made available by Schwab through the Program may benefit NWM but may not benefit its client accounts. These products or services may assist NWM in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help NWM manage and further develop its business enterprise. The benefits received by NWM or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, NWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by NWM or its related persons in and of itself creates a conflict of interest and may indirectly influence the NWM's choice of Schwab for custody and brokerage services.

#### **Brokerage for Client Referrals**

NWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **Clients Directing Which Broker/Dealer/Custodian to Use**

NWM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

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

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

#### **Balance Sheet**

NWM does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither NWM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

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

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

The undersigned ("Client"), being duly authorized, has established an account ("Account") and hereby agrees to engage Nicholas Wealth Management ("NWM") on the following terms and conditions.

