



NORTON CAPITAL MANAGEMENT, INC.
FORM ADV – PART 2A INFORMATION

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This brochure provides information about the qualifications and business practices of Norton Capital Management, Inc. (“NCM”). If you have any questions about the contents of this brochure, please contact us at (757) 623-1200. 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 NCM (CRD No. 110398), including a copy of its Form ADV Part 1, is also available on the SEC’s website at www.adviserinfo.sec.gov.

References to NCM as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 - Material Changes

Since the last amendment filed on December 26, 2024, the following material changes have been made in this brochure:

- Item 5: Amended language to describe how contributions and withdrawals will be handled in billing: Capital contributions or withdrawals from a client’s account, in an amount greater than \$250, will cause a pro-rated adjustment to the management fee for the benefit of the client in the case of withdrawals and for the benefit of NCM in the case of contributions.
- Item 8: Added detailed descriptions of more types of risks faced by investors.
- Item 10: Clarified that NCM is an affiliate of Redmond Asset Management, LLC (“RAM”) and will operate as a subsidiary of RAM.
- Item 11: Included more detailed information on the code of ethics, including a link to the CFA Institute Code of Ethics and Standards of Professional Conduct, and personal trading policies.
- Item 15: Included more detailed information on custody pertaining to clients that have a standing letter of authorization to a third party.

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Item 4 - Advisory Business

Norton Capital Management, Inc. (“**NCM**”) is a Delaware corporation that provides fee-based asset management services. The firm registered as an investment adviser and began conducting business in June of 1993. NCM’s stock was acquired by Redmond Asset Management, LLC (“**RAM**”) in October 2024, and RAM is the sole owner of NCM. R. Scott Redmond, CFA, and Jeremy B. Kirkland, CFA, who are the owners of RAM, serve as NCM’s president and secretary/treasurer, respectively. Scott and Jeremy also serve as the portfolio managers.

NCM provides asset management services to a wide variety of clients wishing to have their assets managed continuously on a discretionary or non-discretionary basis. The service begins with NCM assisting clients in determining their investment objectives and investment restrictions and establishing a brokerage account. NCM typically recommends that clients establish a brokerage account with Pershing Advisor Solutions, LLC (“**PAS**”) and most clients typically do so (PAS is an indirect subsidiary of The Bank of New York Mellon Corporation). After the brokerage account is established, NCM will invest and reinvest the client’s funds and securities held in the account on a discretionary or non-discretionary basis in a manner consistent with their individual objectives and restrictions. Managing on a discretionary basis means that NCM has the authority to execute securities transactions in client accounts, including determining the amount purchased and timing of the transactions, without obtaining prior permission from the client (i.e., investment decisions are made at NCM’s discretion).

Besides managing various types of securities for clients, such as preferred stocks, warrants, rights, common stocks, bonds, municipal securities, and government bonds, a portion of the securities in clients’ accounts may be held in cash or cash equivalents, including, but not limited to, money market mutual funds and bank deposits insured by the Federal Deposit Insurance Corporation. Each of these involves risk in varying degrees.

Our services are limited to the types of investments and types of investment advice specifically described in this brochure. For example, we are not capable of providing continuous advice concerning an options trading strategy or continuous advice on commodities or alternative investments; nor do we offer comprehensive estate planning services. NCM does offer limited financial planning services as part of our process of determining with the client the appropriate investment policy and investment strategy to help accomplish the client’s investment goals according to the client’s risk tolerance. No additional fee is charged to the client for the limited financial planning service.

NCM utilizes the information provided by clients to provide investment recommendations. NCM may implement various short- and long-term investment strategies and may give advice and take action in the performance of its duties to clients which may differ from advice given, or the timing and nature of the action taken, with respect to other client accounts. NCM will make a reasonable effort to follow all investment management restrictions and instructions expressed by clients. Clients may request consultations about the performance of their accounts as often as they wish.

Clients are asked to inform NCM promptly upon the occurrence of any changes to their financial status or investment objectives. Providing this information allows NCM to determine if a change in investment strategy is necessary or appropriate.

As of June 30, 2025, NCM had total assets under management of \$136,565,435, consisting of \$123,677,066 under discretionary management and \$12,888,370 under non-discretionary management.

Item 5 - Fees and Compensation

All fees charged by NCM for advisory services are negotiable and are for advisory services only. Fees paid to NCM do not include or cover transaction commissions, custodian fees, or other charges (*see* Item 12 - Brokerage Practices). Although NCM believes its fees are competitive, clients may be able to obtain similar services at higher or lower

costs elsewhere. Asset management services fees are based upon the value of assets under the firm's management. Fees charged by NCM may be negotiated at NCM's discretion.

The standard fee rates:

Equities :

Asset Value	Annual Fee
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Over \$5,000,000	0.50%

Fixed Income:

Asset Value	Annual Fee
Fixed Assets	0.50% Flat

In determining whether to negotiate fees, NCM considers a number of relevant factors, including the type of account, securities held, dollar value of securities, projected nature of trading, nature and scope of individual advisory services required to properly service the account, and other factors such as the client's total assets under management by NCM and whether NCM manages any related accounts (e.g., a client's family members or other members of the household). Therefore, clients receiving similar asset management advisory services may be charged different fees.

All fees due NCM are payable quarterly in advance. The initial fee, which is the fee for the balance of the then-current calendar quarter, is based on the date the service agreement is signed between NCM and the client and the account's asset value on that date. The quarterly fees are based upon the asset value of the account, including accrued interest, on the last business day of the calendar quarter.

Capital contributions or withdrawals from a client's account, in an amount greater than \$250, will cause a pro-rated adjustment to the management fee for the benefit of the client in the case of withdrawals and for the benefit of NCM in the case of contributions.

Fees payable to NCM for asset management services are, with the client's prior permission, automatically deducted from the client's account when due. Clients receive quarterly statements from the custodian of their accounts that reflect the fees debited from their accounts, and clients are encouraged to confirm the accuracy of the amount debited against their respective fee schedule. If necessary, NCM will liquidate money market shares to pay the fee and, if money market shares or cash is not available, other investments may be liquidated. Authorization for NCM to deduct fees from client accounts is pursuant to a written agreement. Clients may terminate this authorization at any time in writing.

Either NCM or the client may terminate the agreement at any time with at least 10 days prior written notice to the effective date of termination. NCM will issue a pro-rata refund of the prepaid fee based on the termination date.

To the extent mutual funds and/or ETFs are included in the assets managed by NCM, clients should be aware that such funds pay their own internal advisory fees and expenses which affect their reported performance. A description of these fees and expenses is available in each fund's prospectus. Depending on the fund, a client may be able to invest directly in the shares of a fund with lower expenses and without incurring advisory management fees. In addition, there may be tax effects pertaining to fund share redemptions made by NCM on behalf of clients in taxable accounts. Redemptions are typically taxable events which may accelerate the recognition of capital gains, and frequent redemptions may result in short-term, rather than long-term capital gains in taxable accounts.

Additionally, the fees charged by NCM are exclusive of all custodial and transaction fees paid to custodians, brokers, or any other third parties. Clients should review all fees charged by NCM, custodians, brokers and others to fully understand the total amount of fees incurred. NCM does not charge start-up or termination fees.

Item 6 - Performance-Based Fees and Side-by-Side Management

NCM does not charge performance-based fees. The basis for all fees is disclosed above.

Item 7 - Types of Clients

NCM primarily serves individuals but offers its investment advisory services to a wide variety of clients, including, but not limited to, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

NCM bases investment strategies on the needs of individual clients but generally recommends and implements long-term solutions. NCM primarily engages in fundamental analysis of securities. Fundamental analysis is a method of evaluating securities that attempts to identify whether a particular security is undervalued or overvalued by assessing internal and external factors that affect its value. This method involves the examination of qualitative and quantitative factors affecting the security itself (including the issuer of the security) as well as general macroeconomic conditions.

NCM utilizes multiple sources of information to inform its investment strategies and decisions including a subscription to an institutional database of information on various investments (including historical information) only available to institutional money managers and traditional sources such as financial newspapers and magazines; research materials prepared by others; corporate rating services; SEC filings (such as annual reports, prospectuses, and company press releases); and other corporate filings and materials.

Risks

Risks related to fundamental analysis include, but are not limited to, betting against the market (fundamental analysis is based upon a belief that the market price of a security is incorrect), timing (even if a security is undervalued, it may remain so for an indefinite period of time), overreliance on historical data (historical information is the primary source of information utilized in fundamental analysis), and vulnerability to incorrect or misinterpreted data (as with most investment strategies, underlying assumptions, such as future growth rates, interest rates, or profits, are a necessary element of fundamental analysis).

No method of analysis or strategy is without risk. NCM does not guarantee the results of any advice given by or through the firm, and losses can occur by investing in any security, or by following any strategy, including those recommended or applied by NCM. Clients should be prepared to bear the risk of loss to principal and understand that past performance is no guarantee of future results.

Below are general descriptions of the types of risks faced by investors. Clients are encouraged to discuss these risks with NCM.

- **Market Risk:** The price of a security may drop in reaction to certain events and conditions. This type of risk is caused by external factors independent of the security's underlying circumstances. For example, political, economic, and social conditions may trigger market events that cause the security to drop in value.

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** Inflation erodes the purchasing power of money. For example, inflation will cause an item worth one dollar today to cost more than a dollar in the future.
- **Reinvestment Risk:** Reinvestment risk is the risk that proceeds from current investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate) or less favorable market. This risk is primarily applicable to fixed income securities.
- **Liquidity Risk:** Liquidity refers to the relationship of converting an asset to cash without losing value in the process. Generally, widely available standardized products, such as blue chip stocks, are considered more liquid and products traded less frequently, such as private limited partnership interests, are considered less liquid.
- **Default Risk:** Default risk is the chance that a company will be unable to make the required payments on its debt obligations. Interest and principal payments may be altered if an insured bond defaults or the bank issuing the CD is closed. Equity holders may be wiped out.
- **Company Specific Business Risk:** Increased competition, technological change, higher material costs, lower sales prices, foreign currency exposure, corporate debt levels, regulations, and litigation, are examples of company specific risks to consider. These types of risks are often listed under Risk Factors in each company's Form 10-K filed with the SEC.
- **Large-Cap Company Risk:** Large capitalization companies may be unable to respond as quickly to changing competitive dynamics or grow as quickly as smaller companies.
- **Small-Cap and Mid-Cap Company Risk:** Small- and mid-cap companies may have additional risks that large capitalization companies do not have. Smaller companies tend to be less established and more vulnerable to changing market conditions. Their stocks are typically more volatile in price for a variety of reasons.
- **Micro-Cap and Nano-Cap Company Risk:** A micro-cap company has a market capitalization between approximately \$50 million and \$300 million. Companies with less than \$50 million in market capitalization are frequently referred to as nano-caps. Both nano-caps and micro-caps are known for their volatility, and as such, tend to be considered more risky than companies with larger market capitalization, such as small-, mid-, and large-cap companies.
- **International Risks:** NCM predominately invests in U.S. based companies, which results in most clients having very low, or even zero, allocation to stocks based outside the U.S. NCM mitigates this risk by owning U.S. companies with foreign subsidiaries and revenue streams. Nevertheless, portfolios could underperform or lose value if the U.S. markets decline while markets outside the U.S. advance (or decline less).

For companies that operate in markets outside the U.S., especially in developing countries, additional risks apply. These risks may include access to less information or information that may not be subject to equal auditing requirements, higher costs and fees associated transactions, currency volatility or currency controls, political, economic, and social unrest, and less market liquidity due to lower trading volumes and markets that have been open for shorter periods than the U.S.

- **Investment Style Risk:** NCM expects to invest with a high-quality, growth style bias as it seeks to invest in companies that are growing sales, earnings, and dividends (where companies pay a dividend) with attractive returns on invested capital. Other styles, such as deep value or high growth/momentum, may outperform NCM strategies over various time periods. NCM's strong preference for investment grade securities when

investing in bonds will likely result in underperformance during periods in which securities of lesser quality outperform.

- ***Investment Management Risks:*** Any error and/or any inaccuracy that we make as an investment manager can lead to a loss on an investment. As long-term investors, we make long-term projections about the likely future outcomes of companies and the valuation each company may hold. Errors can occur in the cash flow calculation either through miscalculations by the firm or inaccurate data from data providers. Such errors might influence subjective assessments about the business fundamentals of the company and result in loss. Projecting earnings and price multiples results in a wide range of possible outcomes, which is why we use such projections as guideposts. Since we are making investment decisions based on future outcomes, there may be times when our anticipated projections are not realized thus resulting in loss, which has happened in the past.

Errors relating to direct or indirect contact with the company, company filings, third party research reports, and industry contacts can all lead to incorrect subjective assessments of the company and the prospects for its stock.

Additionally, the credit ratings and/or specific opinions of the issuer's likelihood of debt repayment could be inaccurate and lead NCM to underestimate the likelihood of default. We seek to mitigate this risk through diversification. Substantial loss may occur if the investment is sold prior to maturity or if a default occurs.

Our method of security selection may not be successful, and portfolios may underperform the benchmark, and may lose value.

- ***Mutual Funds, Closed End Funds, ETFs, and Index Funds:*** Mutual Funds, Closed End Funds, Exchange Traded Funds, Index Funds, and other similar investments have been used on a relatively limited basis.

When investing in these securities, we seek to express broad views about the perceived skill level of a fund manager and/or the prospects for various capital market themes or investment strategies. These subjective views are gleaned from research performed at the firm and from third-party research sources. For example, we might use a pooled investment vehicle to express a positive opinion on certain geographic markets, economic sectors, or industries.

The risks of loss that apply to other methods of analysis and investment strategies also apply to mutual funds, ETFs, and other similar investments. Additionally, loss may occur if our subjective views, themes, and/or assessment of the skill of a mutual fund manager do not perform as expected. Furthermore, technical market risks of which we are not fully aware could exist for these pooled funds, particularly ETFs. These types of securities incur additional management, trading, and operational expenses that may reduce investment performance relative to their benchmark, on average, over long periods of time.

- ***Alternative Investments:*** An alternative investment is a financial asset that does not fall into one of the conventional investment categories of stocks, bonds, and cash. Most alternative investment assets are held by institutional investors, accredited or qualified, high-net-worth individuals because of their complex nature, lack of regulation, and typically high degree of risk. Most alternative investments are not regulated by the SEC. Alternative investments typically include private equity or venture capital, hedge funds, managed futures, art and antiques, commodities, and derivatives contracts. Real estate is also often classified as an alternative investment.

As a matter of practice and normal investing, alternative investments are not included in our equity and fixed income investment strategies. Typically, a client will initiate an interest and request an alternative investment to be included in his or her portfolio. NCM helps to accommodate the client's request.

- **Additional Investing Risks:** Investing always involves uncertainty; therefore, risk of loss is something clients should be prepared to bear. Since the future is uncertain, the firm cannot know what will actually happen and actual investment results could vary materially from those anticipated, estimated, projected, or experienced in the past.

NCM's investment strategy bears several material risks for clients. Client portfolios could increase in value, but not as much as a comparable benchmark or in an amount commensurate with the level of risk perceived to have been taken. Client portfolios could decrease in value in an amount greater than a comparable benchmark or other portfolios perceived to possess similar risk.

The capital markets can broadly decline (a bear market), resulting in loss. Bear markets have occurred and will continue to occur. We do not attempt to predict when a bear market will come or go. Clients should expect that in any ten-year period a bear market will drive down their portfolio value by more than 20%, possibly much more than 20%. It may take several years or longer before the portfolio fully recovers, or the portfolio may never fully recover. Additionally, intra-year equity market declines of more than 10% occur frequently.

It has been our experience that capital gains have been realized to a larger extent during bear markets and other declining market environments. Clients could incur higher capital gains taxes while their portfolios decline in value.

- **Costs of Frequent Trading:** At NCM frequent trading is not an element of any investment strategy. However, frequent trading may occur if conditions change, the return potential of a large number of investments becomes unattractive, or the markets become very volatile. Frequent trading can hurt investment returns through increased brokerage costs, getting poor prices on purchases and/or sales, and increased taxes.

Item 9 - Disciplinary Information

NCM does not have any disciplinary information to report regarding itself or any of its counselors or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

NCM is owned by RAM, a SEC-registered investment adviser. NCM is an affiliate of RAM and will operate as a subsidiary of RAM. For more information on RAM, please see the Redmond Asset Management, LLC, Form ADV Part 2A Disclosure Brochure available by request or view on <https://adviserinfo.sec.gov/>. Other than RAM's ownership of NCM, NCM does not currently have any other financial industry activities or affiliations that are material to its advisory business.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

NCM strives to comply with all applicable laws and regulations governing its practices and has adopted, in its entirety, the Code of Ethics and Standards of Professional Conduct adopted by the CFA Board. Most of our investment professionals hold the CFA charter and are required to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct. NCM has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct for all of its employees, which is available via the CFA Institute website:

https://www.cfainstitute.org/sites/default/files/-/media/documents/ethics-in-practice/code_of_ethics_and_standards_of_professional_conduct_2024.pdf

In addition, NCM has established a Code of Ethics applicable to all persons at NCM who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of NCM's staff, the Code requires such "access persons"

to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at NCM to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for client accounts. The Code is required to be reviewed annually and updated as necessary. A complete copy of the Code is available upon request.

We do not recommend to clients or buy or sell for clients, securities in which NCM, RAM, and related persons have a material financial interest. However, there is one situation that we believe should be disclosed. In 2013 RAM established a business relationship with Markel Corporation. RAM has purchased Markel securities for clients in the past and may purchase or sell for clients in the future. While RAM and NCM use the same investment process for Markel securities as it uses for other investments, we recognize that there might have been or may be a bias in the analysis, which could be perceived as a potential conflict of interest.

NCM and its employees may buy and sell securities that they recommend to clients for purchase or sale. NCM and its representatives will process transactions for client accounts ahead of similar transactions contemplated for their own accounts. Without exception, employees are forbidden to front-run (a practice generally understood to be employees personally trading ahead of proposed client transactions) or short any securities held in client portfolios.

Item 12 - Brokerage Practices

NCM recommends that clients establish brokerage accounts with PAS to maintain custody of assets and effect trades for their accounts. NCM is independently owned and operated and not affiliated with PAS. PAS provides NCM with access to its institutional trading and custody services. PAS does not accept retail investors. These services are only available to independent investment advisers on an unsolicited basis, so long as a minimum of the adviser's clients' assets are maintained in accounts at PAS and are not otherwise contingent upon any adviser committing to PAS any specific amount of business (assets in custody or trading). Effective July 1, 2025, PAS implemented a change to charge clients a tiered fee of no more than 0.05% based on the clients' assets under management in accounts held at PAS. A quarterly asset-based charge shall be billed in advance, based on the value of the account over the previous quarter. Cash/Cash Equivalents and 529 assets will be excluded from the PAS fee. PAS's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. PAS is also compensated by account holders through transaction commissions or other position-related fees.

PAS also makes available to NCM other products and services that benefit NCM but may not directly benefit its clients' accounts. Some of these other products and services assist NCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of NCM's fees from its clients' accounts, and assist with back-office functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of NCM's accounts, including accounts not maintained at PAS. PAS also makes available to NCM other services intended to help NCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, regulatory compliance, and marketing. In addition, PAS may make available, arrange, and/or pay for these types of services rendered to NCM by independent third parties. PAS may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to NCM. While as a fiduciary NCM endeavors to act in its clients' best interests, NCM's recommendation that clients maintain their assets in accounts at PAS may be based in part on the benefit to NCM of the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by PAS, which may create a potential conflict of interest.

NCM also has a relationship with JPMorgan and Davenport & Company LLC through which bond orders are placed through the relevant trading desk. The JPMorgan relationship also allows NCM to have access to research through JPMorgan that is typically only available to large institutional investors. The Davenport Fixed Income Department specializes in trading and underwriting mid-Atlantic municipal bonds. This access acts as an incentive for NCM to continue trading bonds through JPMorgan and Davenport. However, as a fiduciary, NCM always endeavors to act in its clients' best interests.

When exercising discretion, NCM may combine orders for multiple clients' accounts to form a "block" order for the purpose of seeking a better price and/or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which NCM then allocates to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts.

Should an order error occur, it is the firm's policy to make the client's account whole.

The selection of one broker-dealer for executing orders may not allow NCM to receive research from other broker-dealers in return for commission business, to batch transaction orders with those of other clients for volume commission discounts (unless the firm selected is PAS), or allow NCM to exercise discretion in evaluating the quality of execution services and commissions of other broker-dealers. Thus, selecting a single broker-dealer, including PAS, may not result in best price or execution of a client's transactions.

Item 13 - Review of Accounts

Managed accounts are formally reviewed as frequently as requested by clients or on an as needed, but not less than a quarterly, basis. As needed includes, but is not limited to, new or different opinions on securities for purchase or sale, events affecting assets in an account, changing market conditions, changes in client circumstances, or other reasons. All clients should inform us of any changes to their situation.

Custodial statements listing the value of all assets in a client's managed account are provided to clients by PAS at least quarterly. NCM does not provide additional client reports unless requested by the client.

Item 14 - Client Referrals and Other Compensation

NCM does not maintain a formal relationship with any solicitor, person, or firm to provide prospective client referrals in return for a fee. NCM and its employees do not accept direct compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 15 - Custody

NCM does not take custody of client funds or securities. These safekeeping services are typically provided to accounts only by the brokerage firm processing the securities transactions. NCM has indirect custody of client funds due to the direct fee deduction from client accounts and due to NCM having the ability to transfer client money or securities to a third-party pursuant to a standing letter of authorization or other similar arrangement established by the client with a qualified custodian. For these reasons, NCM is considered to have custody of client assets. However, NCM is not subject to an annual surprise examination requirement of this custody rule in accordance with guidance provided in SEC rules and no-action letters. Also, if an NCM associate is named as a trustee on a client account under NCM management, then NCM would be considered to have custody and would be subject to a surprise audit.

NCM takes steps to safeguard client funds, including using a qualified custodian who provides detailed fee deduction information in the regular statements.

To the extent a client receives any account or other investment statement from NCM, NCM recommends the client carefully compare the information in the report to the information in the custodian's statements.

Item 16 - Investment Discretion

When performing asset management services, NCM is generally given full discretionary authority by each client to determine, without obtaining specific client consent for each trade, the securities to buy and sell and the amount of securities to buy or sell. A client may decide to place specific limitations on the discretionary authority granted to NCM. For example, clients can request NCM not to buy securities issued by companies in certain industries or not to sell certain securities where the client has a particularly low-cost basis. Authorization for discretionary authority is contained in the service agreement.

Item 17 - Voting Client Securities

The following information summarizes NCM's Policies and Procedures regarding how NCM votes proxies:

Guiding Principles

NCM's Policies and Procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of the clients. The Policies and Procedures do not apply to those situations where the client has retained voting discretion. In those situations, NCM will ensure that proxies are delivered directly to the client for voting. NCM will provide voting advice only when specifically requested. NCM will abide by specific voting guidelines on certain policy issues when requested by particular clients on a case-by-case basis.

Primary Objective

In general, proxies will be voted in a manner designed to maximize the value of client investments. NCM has contracted with Broadridge Financial Solutions ("Broadridge") and uses their ProxyEdge® platform ("PE"). As a result, NCM pays fees associated with the voting process to Broadridge. Proxy voting fees are paid by NCM. PE provides proxy voting support with regard to casting votes and keeping voting records. PE votes proxies in accordance with NCM's voting policy. When evaluating a particular proxy proposal, NCM requires that PE takes into consideration, among other things, the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal and the existing governance documents of the affected company, as well as its management operations.

Generally, it is NCM's policy to vote in accordance with management's recommendations on most issues since the capability of management is one of the criteria used by NCM in selecting investments. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change and to determine the benefits to the company and its shareholders, but NCM's primary objective is always to protect and enhance the economic interests of its clients.

Exceptions

When NCM believes management is acting on its own behalf, instead of on behalf of the wellbeing of the company and its shareholders, or when NCM believes that management is acting in a manner that is adverse to the rights of the company's shareholders, NCM will take steps to represent the interests of its clients and, as a result, may elect to vote against management's recommendations. Examples of such activity include (i) attempts by management to insulate itself from accountability to shareholders or otherwise entrench itself; and (ii) proposals that have the effect of deterring potential interests in an acquisition or similar corporate transaction at a fair price, which proposals NCM believes might have a negative impact on the value of the company or might otherwise be detrimental to company shareholders.

NCM generally favors cumulative voting for directors. In situations where NCM is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction. This occasion most often develops when NCM believes that management has displayed a consistent inability or lack of interest in moving the company toward achieving its potential and that a message needs to be sent that the company's shareholders are not satisfied with the status quo. NCM reviews all proposals relating to management and director compensation in light of the company's performance and corporate governance practices. NCM normally will vote against significant compensation increases or compensation not tied to company performance in instances where it believes the company is underperforming and/or management has not added value to the company.

Other Factors NCM Considers

NCM recognizes that the activity or inactivity of a company with respect to matters of social, political, or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, NCM does not consider it appropriate, or in the interest of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political, or environmental concern, except where it believes that a different position would be in the economic interest of company shareholders.

Conflicts

In evaluating a proxy proposal, NCM is responsible for considering whether there are any circumstances that may give rise to a conflict of interest on the part of NCM in connection with voting client proxies either because of a business relationship between NCM and the company or otherwise. If the designated voter believes that a potential conflict of interest exists, he or she must vote in a manner that favors the client's interest or refer the matter to the president for consideration. If necessary, the president may consult with NCM's legal counsel.

Records

Appropriate records shall be prepared and maintained relating to receipt of proxies and how and when voted. Clients may obtain a copy of such records with respect to their securities by requesting such in writing from NCM. Clients may also request a copy of NCM's proxy voting policies by contacting NCM at the address noted on the cover page.

Class Action Security Litigation Policies and Procedures

NCM is not required to assemble or file class action security litigation documentation on behalf of any client. However, NCM entered an agreement with a class action recovery service provider, Chicago Clearing Corporation ("CCC"), to respond to legal and class action notices on behalf of NCM clients. If client accounts receive a settlement on a class action lawsuit, CCC receives 20% of the client's proceeds. CCC responds to legal and class action notices. NCM will not receive any compensation from any of the legal or class action claims or settlements.

Item 18 - Financial Information

NCM does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.