



NOESIS

Capital Management

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This Brochure provides information about the qualifications and business practices of Noesis Capital Management, Corp. (“Noesis Capital”, “Noesis” or “NCM”). If you have any questions about the contents of this Brochure, please contact us at (561) 999-9888. 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.

Noesis Capital is an SEC registered investment advisor. The term “registered” is not intended to imply that a certain level of skill or training has been obtained by NCM or its representatives.

ITEM 2: MATERIAL CHANGES

The only material changes for NCM since the firm's last annual filing of the brochure filed on December 21, 2015⁴ are NCM no longer offers Third-Party Alternative Investment Services to clients and the fee schedule change. There are also minor adjustments made to items 4, 5, 7, 8, 11, 12, 14 and 17. Additional information about Noesis Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 4: ADVISORY BUSINESS

Firm Description

Noesis Capital is located in Boca Raton, Florida. Noesis began operating as a State of Florida investment adviser on September 5, 1995 and moved to SEC registration on April 27, 2001. The firm is owned by Noesis International Holdings, Inc. and Jeremiah Spitzberg (CFA, CPA). Noesis International Holdings, Inc. is owned by NCM's CEO / CCO, Nicolaas Letschert (CFP™).

As of September 30, 2016, our assets under management consisted of:

	Number of Accounts	Assets Under Management
Discretionary	787	\$ 330,313,493
Non-Discretionary	76	\$ 35,264,401
Assets under Advisement¹	N/A	\$ 27,737,186
Total	863	\$ 393,315,080

Investment Advisory Services

Noesis provides ongoing portfolio management services for its clients. The firm's preference is to deliver these services on a discretionary basis but may also do so on a non-discretionary basis when appropriate. NCM obtains information pertaining to each client's investment objectives, time horizon, and tolerance for risk so that portfolios can be tailored to meet individual needs. Clients also have the ability to impose reasonable restrictions on investing in specific, or groups of, securities within their account. However, such restrictions and guidelines imposed by clients affect the composition and performance of portfolios.

Each account is assigned to a Portfolio Manager (or PM). The firm's PMs share information with one another on specific investments and market outlook on a regular and continuous basis. The firm's research team leads the firm's research efforts and provides guidance to Noesis' Portfolio Managers. This gives the firm a common investment philosophy and results in many client portfolios owning common securities, however final discretion is given to each account's PM. This periodically results in different holding periods for commonly held securities amongst the firm's accounts. Noesis has processes in place to ensure that all trades are made in accordance with current industry regulations and the firm's code of ethics so that the firm's clients are not unfairly advantaged or disadvantaged by the decisions of their Portfolio Manager.

Financial Planning Services

As part of our advisory services, Noesis offers informal financial planning services. These services are

¹ Assets under advisement represent our UMA or Model assets, for which we have neither discretionary authority nor responsibility for arranging or effecting the purchase or sale of recommendations provided to and accepted by the ultimate client. Inclusion of these assets will make our total assets number different from assets under management disclosed in Item 5.F of Adviser's Form ADV Part 1A due to specific calculation instructions for Regulatory Assets Under Management.

primarily focused on planning for future cash flow, education, and retirement needs. The firm does not charge additional fees for financial planning services.

Unified Managed Program

Noesis provides investment advisory services in connection with unified managed account (“UMA”) where Noesis generally provide ongoing non-discretionary investment recommendations in the form of one or more “model” portfolios, and the Sponsor (SMA) or its designee, rather than Noesis, makes the investment decision and executes trades on behalf of its underlying clients. Noesis does not have discretion of assets under advisement and therefore it does not execute trades, or vote proxies for the end-client. Noesis has adopted policies and procedures designed to ensure that any investment advice is communicated to SMA Sponsors on a timely basis so that trades can be executed for their clients in a fair manner.

Participation in Wrap Fee Programs

NCM participates as a manager in wrap fee programs sponsored by other investment advisors. We receive a portion of the fee that is paid to the program sponsor in exchange for portfolio management services. It is a core-equity model. Stephen Smith, CFA is the lead Portfolio Manager of the firm’s accounts offered through wrap fee programs. These portfolios are branded as Noesis Core Equity Portfolios. Mr. Smith participates in the firm’s research process and regularly shares information and views with other PMs, but has final discretion over Noesis Core Equity Portfolios. This results in portfolios that differ from other accounts managed by Noesis. Noesis Core Equity Portfolios may own similar securities to other Noesis clients but holding periods may differ. The firm has processes in place to ensure that all trades are made in accordance with current industry regulations and the firm’s code of ethics so that NCM clients are not unfairly advantaged or disadvantaged by the decisions of their Portfolio Manager.

ITEM 5: FEES & COMPENSATION

Standard Fee Schedule

Noesis is compensated for advisory services by charging a fee based on assets under management according to the schedule below:

Assets Under Management	Fee
First \$1 Million	1.50%
Above \$1 Million	0.75%

In certain circumstances where Noesis serves as a manager to wrap fee sponsors and has minimal servicing requirements, a lower annual rate is available. Clients of wrap fee programs should consult the wrap sponsor’s brochure for details regarding the client’s individual fees.

Fees are negotiable at our discretion and may differ from the standard fee schedule above. Each client's fee is stated in the client agreement and is charged quarterly in advance based on the ending account value on the last day of the month of the preceding quarter. Clients have the option of having fees billed to them or having them deducted directly from their investment accounts.

Noesis charges a minimum annual fee of \$5,000, which may be waived at the firm's discretion. The firm does not charge a separate fee for financial planning services.

Unified Managed Program

With respect to the UMAs advised, Noesis receives from third-party advisers a portion of the annualized fee received by third-party advisers, typically paid quarterly, based on the value of the assets in the clients' accounts. Typically, Noesis receives 30 bps.

Payment of Fees

Noesis' fee for advisory services will be based on the ending value of the account on the last day of the preceding quarter (excluding debits, as applicable) and is payable in advance. For valuation purposes, the assets will be treated as if they were held in the account at the end of the quarter. The first quarterly fee is payable in advance upon opening the account. This initial quarterly fee shall be debited from the Client's initial deposit into the client's account on a prorated basis from the date the account is accepted by Noesis.

Termination of Contracts

Agreements may be terminated at any time by the client or by Noesis by giving written notice. Fees paid in advance will be prorated to the date of termination and any unearned portion will be refunded to the client. Fees shall be refunded in full if termination of the agreement occurs within 5 business days of its effective date. Clients may contact the firm's CCO by calling (561) 999-9888 if they would like to request a refund or have questions as to how their refund was calculated.

Other Fees

The advisory fee structure described above does not cover debit balances or related margin interest, SEC fees, brokerage or related transaction costs, or other fees or taxes required by law. Clients whose funds are invested in mutual funds, money market funds, or ETFs also pay fees to the fund sponsor in addition to fees paid to Noesis' fee for advisory services. Additional information about NCM's brokerage practices is available in Item 12 of this brochure.

Clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any commissions, custody fees, transaction charges or mark-up/mark-downs imposed by a broker-dealer with which Noesis effects transactions for a client's account(s).

All fees paid to Noesis for investment advisory services are separate and distinct from fees and expenses

charged by mutual funds and exchanged traded funds (“ETF’s”) to their shareholders. These fees and expenses are described in each fund’s prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee for mutual funds.

ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Noesis as a matter of policy and practice does not charge any performance-based fees for its investment management services.

Noesis’ fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Side-by-Side Management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements. We do not have these relationships, so we do not have Side-By-Side Management potential or actual conflicts of interests.

Noesis does not currently manage any client relationships for mutual funds or hedge funds or charge any performance fees.

ITEM 7: TYPES OF CLIENTS

Noesis offers investment advisory services to individuals, including high net worth individuals, pensions and profit sharing plans, charitable organizations, trusts and estates, corporations, and institutions as well as foreign clients. We typically require a minimum investment of \$500,000, or an annual fee of \$5,000 to open an account but this minimum may be waived at our discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

As discussed in Item 4 of this brochure, Noesis offers portfolio management services directly to clients (Private Clients) as well as offering portfolio management services to clients through wrap fee programs sponsored by other investment advisors. Similarities within the philosophies utilized to manage both groups of accounts may result in common holdings between Private Clients and Noesis Core Equity Portfolios, but due to differences in strategy, the holding periods for common securities may differ. NCM has processes in place to ensure that all trades are made in accordance with current industry regulations and the firm’s code of ethics so that NCM clients are not unfairly advantaged or disadvantaged by the decisions of their Portfolio Manager.

Investment Strategy – Noesis Capital Private Clients

Noesis' seeks to identify companies that we believe: 1) provide superior products or services, 2) are market leaders or efficient competitors, 3) are profitable or have the potential for profitability, 4) possess high quality management teams, 5) have strong financial characteristics, and 6) have sustainable above average growth and earnings predictability. It is our belief that companies that possess these strengths provide the best potential for long-term investment. We also seek to identify companies poised for growth that have attractive valuations, in addition to the financial strength and management capability needed to deal with expansion. We focus on companies that we believe are undervalued, or at least reasonably valued relative to the market based upon their strengths and projected earnings growth. Generally, we are reluctant to pay a premium for companies in which we invest, however certain stocks with price-earnings ratios equal to or above the market as a whole may also be attractive if higher valuations are justified by prospects for growth.

We believe that a well-managed portfolio requires moderate, rather than excessive, diversification. A moderate degree of diversification enables us to reduce risk without having too many positions to effectively manage. We diversify our portfolios across those sectors that we believe have the best intermediate and long-term prospects. Despite periodic volatility abroad in dollar terms, we believe international portfolio diversification can, at times, increase total long-term returns due to rapid economic growth in many foreign countries. We recognize that there can be significant investment opportunities in markets outside of the U.S. In addition to directly investing in the securities of foreign companies, we also take advantage of international opportunities by investing in U.S. based, multinational companies, many of which derive a significant portion of their revenues and earnings from foreign sources.

Investment Strategy – Noesis Core Equity Portfolios

Portfolios are actively managed accounts offered through wrap fee programs sponsored by other investment advisors. Accounts are typically comprised of 25 to 35 large and medium capitalization stocks.

Core Equity employs a disciplined, multi-factor stock selection process to identify companies the portfolio manager believes to be priced at attractive relative valuations, and appear poised to deliver superior earnings results over the next 9 to 18 months. Companies are screened for growth potential characteristics including sustainable earnings, improving fundamentals, expanding margins and compounding ROE. The bias of the stock selection process shifts between value and growth factors as dictated by market dynamics and relative performance patterns. Stocks are sold due to deteriorating fundamentals or poor relative price strength.

Material Risks

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in all securities involves risk of loss, which you should be prepared to bear. Specific risks of our significant investment strategies include:

- **Shorting, Margin and Use of Leverage:** Noesis may open client accounts as margin accounts.

The use of margin can magnify risk to clients. As each account is separately managed, use of margin should be discussed with your Financial Advisors/PM. Private Clients wishing to use margin are required to complete a margin agreement. Other forms of leverage which Noesis may use, include options, short sales and other inverse or leveraged derivative instruments. Noesis also has the ability to short stocks in the client portfolios, and a high level of risk is associated with this strategy. Shorting securities requires the use of margin. Structured products may be offered to certain clients, however, it is important to note that these products often involve a significant amount of risk. Structured products are intended to be “buy and hold” investments and are not liquid instruments.

- **Cash Levels:** From time to time there may be large cash balances within client accounts. These cash balances earn interest at prevailing money market rates. If we believe it is in the best interest of our clients, Noesis has the ability to move 100% of an account balance into cash or money market mutual funds. This could cause clients to forego higher returns available in other investments and also has the potential to decrease a client’s purchasing power over time.
- **Strategy Differences:** While Noesis’ portfolio managers and research personnel share information regarding individual securities and market outlook on a regular and continuous basis, each Portfolio Manager has final discretion over how the accounts they are responsible for are invested. This causes differences in the performance results experienced by Noesis’ clients based on the investment decisions of their Portfolio Manager.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Neither Noesis nor any of our management persons are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of the foregoing entities, or have any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,

- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Noesis has adopted compliance and supervisory procedures, which include a formal code of ethics and insider trading policies and procedures. Noesis' code of ethics requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in global capital markets
- Place the integrity of the investment profession, the interests of clients, and the interests of Noesis above their own personal interests
- Adhere to the fundamental standard that they should not take inappropriate advantage of their position
- Avoid any actual or potential conflict of interest. Any conflicts that cannot be avoided should be fully disclosed to clients and managed in such a way that the client's interests are put first.
- Conduct all personal securities transactions in a manner consistent with the policy
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities
- Practice and encourage others to practice in a professional and ethical manner, which will reflect credit on themselves and the profession
- Promote the integrity of, and uphold the rules governing, capital markets
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals
- Comply with applicable provisions of the federal securities laws

Noesis' compliance and supervisory procedures also requires Employees to:

- Pre-clear certain personal securities transactions
- Report personal securities transactions on at least a quarterly basis
- Provide Noesis with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect

beneficial interest

A copy of Noesis' code of ethics shall be provided to any client or prospective client upon request, free of charge.

Noesis does not nor does a related person recommend to clients, or buy or sell for client accounts, securities in which Noesis (or a related person) have a material financial interest.

Except for reverse convertible bonds, neither Noesis, nor does a related person, recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Noesis (or a related person) buy or sell the same securities for its own (or the related person's own) account.

Additionally, Noesis does not execute transactions on a principal basis. Should this change, Noesis will use the following protocols as noted below.

Should Noesis act as principal in a securities transaction with a client, Noesis will provide written disclosure to the client, as specified in Section 206(3) of the Advisers Act, in which Noesis is acting before completion of the transaction, and obtaining client consent to each transaction. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify Noesis of client's denial of consent before the completion of the transaction. Noesis will do so only to the extent consistent with its duty to obtain best execution for the client and with appropriate client consent. Client may revoke consent to engage in such transactions at any time by notifying us in writing.

There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit Noesis' decision to engage in these transactions for accounts. Principal transactions create the potential for advisers to engage in self-dealing. It is primarily the incentive to earn additional compensation that creates the adviser's conflict of interest when an adviser engages in an agency transaction on behalf of a client. Noesis has developed policies and procedures which address any principal transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy as well as avoid conflicts of interest and to ensure that no client is disadvantaged when processing such trades.

Noesis, with appropriate disclosure and the client's written consent, may effect transactions for a client in which it acts as broker for both that client and the other party to the transaction; however, Noesis will not earn a transaction fee on the trade from that other party. Noesis will do so only to the extent it is in one client's best interest to sell a security while it is in another client's best interest to buy the same security and consistent with its duty to obtain best execution for the client and with appropriate client consent, as specified in section 206(3) of the Advisers Act. For such trades, Noesis is able to obtain better bid and/or ask prices by effecting a cross-trade, whereby Noesis effects a buy and sell of the security through a broker into each client's account. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify Noesis of client's denial of consent before the completion of the transaction. Clients may revoke consent to engage in such transactions at any time by written notice to Noesis.

ITEM 12: BROKERAGE PRACTICES

Noesis seeks to obtain the most favorable net results for clients' transactions including price, execution quality, services and commissions.

Best Execution

Noesis will perform an ongoing review process ("Best Execution Review") of each broker it utilizes. NCM will document the results of its review process and its decision on whether to change or continue with the broker. In addition, the firm will perform periodic post-trade analyses of the execution quality for each of its brokers to evaluate their performance.

On an annual basis, Noesis will formally review the results of its Best Execution Review for the previous year to determine whether to continue the existing brokerage arrangements or amend them based upon its results.

Noesis may also provide non-discretionary investment management services, usually through SMA Programs typically known as Unified Managed Account ("UMA") programs or otherwise, where Noesis generally provides ongoing non-discretionary investment recommendations in the form of one or more "model" portfolios, and the SMA Sponsor or its designee, rather than Noesis, makes the investment decision and executes trades on behalf of its underlying clients. The SMA Sponsor or its designee, and not Noesis, is the investment adviser for accounts of clients of such programs.

Noesis has adopted policies and procedures designed to help ensure that any non-discretionary investment advice is communicated to SMA Sponsors and/or clients on a timely basis so that trades can be executed for in a fair manner. Noesis frequently may communicate updates to model portfolios at the end of trading activity for a particular security. This method may be used where Noesis considers the impact that the recommendation will likely have on the market and determines that this method may produce the best execution under the circumstances for the broadest segment of clients, or that a rotation system is otherwise not feasible based on practical, execution quality or other considerations. In these circumstances, transactions executed by the SMA Sponsor for its clients may be subject to price movements (particularly for large orders or orders in more thinly traded securities) that may result in the SMA Sponsor's clients receiving a price that is less favorable than the price obtained by Noesis for advisory clients.

Alternatively, where it is deemed not to have a material impact on the trading execution for advisory clients, Noesis may communicate updates to its model portfolios as part of their alternating sequence or rotation system. As a result, prices may vary among clients and SMA programs, and the first accounts to trade may or may not receive a more favorable price than later-traded accounts.

Soft Dollars

Noesis does not have any formal soft dollar arrangements. However, brokerage transactions may be placed with a limited number of brokers which provide Noesis with research products and services that are paid for at higher prices and/or commission rates than other firms may charge. The term "research

products and services” includes advice as to the value of securities, the advisability of holding, purchasing or selling securities, and furnishing analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and performance of accounts. Noesis is under no obligation to send trades to any broker; however, we utilize brokers that we believe provide useful research products that assist us with our investment management process. We seek to use this information for the benefit of all our clients.

The overall reasonableness of commissions paid will be evaluated by Noesis by comparing the speed of execution and settlement, price paid or received for securities bought or sold, and the amount of commission paid among the brokers selected by Noesis to effect transactions, and by judging the quality, timeliness and quantity of research information and reports. When Noesis utilizes client brokerage commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the products or research.

Noesis participates in Charles Schwab & Co.’s, Schwab Institutional Service Program (hereinafter referred to as “SI”). While there is no direct linkage between the investment advice given and participation in the SI program, economic benefits are received which would not be available if Noesis did not participate in the program. These benefits may include receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk serving SI participants exclusively, ability to have investment advisory fees deducted directly from client accounts, access to an electronic communication network for client order entry and account information, receipt of compliance publications, participation in Schwab-sponsored conferences, and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. NCM understands that the benefits received through its participation in the SI program generally does not depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. Many of these services may be utilized to service all or a substantial number of our clients’ accounts. Educational, research, or other services provided by Schwab may benefit all of the firm’s clients, or may only benefit some clients. While as a fiduciary, Noesis endeavors to act in its clients’ best interests, our recommendation that clients maintain much of their assets in accounts at Charles Schwab & Co., Inc., may be based in part on the benefit to our firm 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 the brokers. This may create a potential conflict of interest. Noesis clients may, therefore, incur higher costs than those charged by other discount brokers. We do believe, however, that the commissions are reasonable in relation to the value of the services received. In making this determination, we have considered factors other than the lowest possible cost. Factors considered include whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Also, please note that we prefer to recommend custodians who possess significant size and financial resources, for purposes of enhanced safety of clients’ funds. For all of these reasons, the lowest cost custodian may not be recommended to clients by Noesis.

Brokerage for Client Referrals

Noesis receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through Noesis’ participation in the Schwab Advisor Network[®] (the “Service”). The Service is designed to help investors

find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Noesis. Schwab does not supervise Noesis and has no responsibility for Noesis' management of clients' portfolios or other advice or services. Noesis pays Schwab fees to receive client referrals through the Service. Noesis' participation in the Service may raise potential conflicts of interest described below. Noesis pays Schwab Participation Fees on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client's account. Noesis pays Schwab Participation Fees for so long as the referred client's account remains in custody at Schwab. Participation Fees are billed to Noesis quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by Noesis, not by the client. Noesis does not charge clients referred through the Service fees or costs greater than the fees or costs the firm charges clients with similar portfolios who were not referred through the Service.

Noesis generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fee Noesis would generally pay in a single year. This gives Noesis an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of Noesis' clients who were referred by Schwab and those referred clients' family members living in the same household. This gives Noesis an incentive to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For accounts of Noesis' clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Noesis may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. NCM acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for other Noesis clients. Trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Directed Brokerage

Certain Noesis clients may direct us to effect securities transactions for their accounts through brokers designated by the clients. Clients who direct brokerage should consider the following:

- The client should review the existence and terms of Noesis' brokerage placement practices
- The client may forego any benefit from savings on execution costs that Noesis may be able to obtain for its clients through negotiating volume discounts on batch transactions
- Though Noesis generally allocates batched transactions on a random basis, execution of orders

that have directed a particular broker may be delayed until execution of non-directed orders have been completed

- Clients who direct the adviser to use a specific broker may pay higher commissions on transactions that might be obtained by Noesis, or may receive less favorable executions of transactions, or both
- A client directing brokerage may not be able to participate in an allocation of shares of new issues if those new issue shares are provided by another broker. A client that has not directed his brokerage will generally be unable to participate in an allocation of shares of a new issue if those new issue shares are provided by brokers other than the broker that is the custodian of the client's account.
- In the event that a client is referred to Noesis by a broker, Noesis has a potential conflict between the client's interest in obtaining best execution and Noesis receiving future client referrals from the broker. Noesis attempts to mitigate this conflict by allowing clients to choose any broker that they wish to execute securities transactions for the account.

Trade Errors

Any trading mistake or incorrectly placed order which results in a loss in value of the client's investments will be reversed and Noesis will be responsible for the loss. Noesis shall not be responsible for any gains that the client may have obtained had Noesis originally placed the correct order. Where a trading error results in an increase in the value of the client's assets, the client will retain any such gain. Noesis will take steps necessary to minimize trading errors and if a pattern of errors is discovered, the firm will make any reasonable revisions to its policies necessary to avoid such trading errors in the future.

Trade Aggregation & Allocation

Noesis aggregates client orders primarily for new accounts and/or one-off trades at its discretion. Aggregation will be consistent with Noesis' duty to seek best execution. Allocation of aggregate orders will be determined the same day of the order entry and allocation to each client account will be done on a random basis in order to ensure all clients are treated fairly and equitably.

ITEM 13: REVIEW OF ACCOUNTS

Noesis conducts periodic account reviews whereby accounts are reviewed by their Portfolio Manager to ensure compliance with stated investment objectives and any other account requirements or restrictions. This review is in addition to the ongoing account review that results as a matter of course through our active management style.

Clients receive written quarterly reports from Noesis Capital that contain a listing of securities owned, a description of how their account is allocated, as well as performance measurement. Clients can request that these reports be delivered on a monthly basis if desired. These reports are delivered in addition to written statements sent directly to clients from the qualified custodian of their account. We urge clients to compare the statements received from their custodian with those sent from Noesis Capital. Clients should immediately inform us of any discrepancy noted between the custodian records and the reports Clients

receive from us.

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

Non-employee (outside) consultants who are directly responsible for bringing a client to Noesis, such as accountants, attorneys and other professionals, may receive compensation from NCM. NCM may also provide compensation for bringing a client to Noesis from foreign sources.

Referral fees are generally a percentage of the annual management fees earned by Noesis on referred accounts and represent no additional expenses to the client. In such cases, Noesis will ensure that these persons are affiliated with Noesis, licensed as representatives of Noesis, or licensed as an independent investment advisor, as required by applicable federal and state laws. Any such compensation arrangements will be made pursuant to a written agreement between the outside consultant and Noesis. Additionally, clients in such arrangements will be requested to acknowledge the arrangement, and will receive all disclosures required under SEC rule 206(4)-3, prior to Noesis' acceptance of the client's funds.

ITEM 15: CUSTODY

Noesis does not take possession of or maintain custody of a client's funds or securities; however, we may be granted authority, by written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

We may provide to you reports we prepare regarding your portfolio. You are encouraged to review these reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

ITEM 16: INVESTMENT DISCRETION

Once an executed Investment Advisory Agreement has been approved by Noesis granting discretionary authority, NCM may determine which securities to buy or sell on a client's behalf, determine the amount of securities to be bought or sold on a client's behalf, determine the selection of the broker-dealer to use, and determine the client's fee schedule for transactions. These decisions are only limited by the objectives, limitations and restrictions set forth in the client's Advisory Agreement.

ITEM 17: VOTING CLIENT SECURITIES

Unless otherwise directed, NCM votes proxies for clients. We vote proxies in the interest of maximizing shareholder value. We have developed proxy voting policies and procedures pursuant to SEC rule 206(4)-6 and take great care to vote proxies in a way that we believe to be consistent with our fiduciary

duty. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal response. Noesis has appointed individuals who are responsible for identifying the proxies upon which the firm will vote, voting the proxies in the best interest of our clients, and submitting proxies promptly and properly.

If we determine that there is a material conflict of interest between NCM (or an NCM employee) and our clients, our procedures provide for the immediate engagement of an independent third party, at our expense, to determine the appropriate vote. Any vote cast by an independent proxy voting service is binding and may not be overridden by Noesis.

Our written proxy voting policy and procedures, as well as a complete record of how we have voted proxies in the past, are available to clients upon request. Please contact the firm's Chief Compliance Officer at (561) 999-9888 for a copy of either.

ITEM 18: FINANCIAL INFORMATION

Noesis does not maintain custody of client funds or require or solicit the pre-payment more than \$1,200 in fees per client and 6 months or more in advance. NCM is not currently, nor has it been at any time in the past ten years, the subject of a bankruptcy petition. The firm has no financial conditions that are reasonably likely to impair our ability to meet contractual obligations to our clients.