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FIRST WESTERN SECURITIES, INC.



ADV PART 2A
REGISTERED INVESTMENT
ADVISOR BROCHURE

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Member: FINRA/SIPC
Registered Investment Advisor
CRD# 19537

This brochure provides information about the qualifications and business practices of First Western Securities, Inc. and our Investment Advisory Accounts. If you have any questions about the contents of this brochure, please contact us at the number/location listed above. 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 First Western Securities, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. Registration as an investment advisor does not imply a certain level of skill or training.

The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency, and involves risk, including the possible loss of principle.

2 Material Changes

There were no material changes from.

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4 Advisory Business

4.A Description of Our Advisory Business

First Western Securities, Inc. (“FWS”) provides fee-based investment advisory services. FWS has been providing investment advisory services since 2002. FWS was registered with the Securities and Exchange Commission, but transitioned to State registration in 2012 in response to changes in the Federal Registration threshold. The advisor currently has eight (7) individuals registered as investment advisors operating in five (4) branch offices. As of June 30, 2023, FWS provided advisory services on a discretionary basis to 42 accounts with \$32,731,548 million of assets under management and another \$2,163,969 Million of assets in 9 accounts under management without discretionary authority.

FWS is owned by Randal Ferguson. FWS is also registered as a brokerage firm with the Securities and Exchange Commission and as such, is a member of FINRA and the SIPC.

4.B Types of Services We Offer

FWS primarily provides portfolio management services and will not provide securities custodial or other administrative services. At no time will FWS accept or maintain custody of a client’s funds or securities.

The advisor’s primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. The advisor uses exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, variable life insurance, variable annuities, municipal securities, mutual funds, United States government securities, options in securities, and Interest in partnerships investing in real estate and oil and gas interests to accomplish this objective. FWS will manage accounts with discretionary authority, in which the advisor can buy or sell securities in the client’s account without prior authorization from the client or on a non-discretionary basis, in which the advisor will obtain specific authorization from the client prior to buying or selling any security on behalf of the client.

FWS has made arrangements with other investment advisory firms to act as a solicitor for advisory clients. Based on our review of a client’s situation, FWS may determine that the 3rd party money-manager would provide the most benefit to the client. Potentially, this can lead to a conflict of interest between the client and FWS, since we will receive a portion of the advisory fees from the 3rd party manager, but not provide direct advisory services to the client. Clients should carefully review any recommendations to use a 3rd party money manager and request that their advisory representative explain the rationale for referring them to a 3rd party.

4.C Tailoring Our Services

The advisor practices custom management of portfolios according to the client’s objectives. Your advisory representative shall obtain information from you that will be used establish and manage your investment portfolio. This information shall include your current financial status, your investment objectives, and your risk tolerance. Any client may inform us in writing of any specific restrictions involving securities or types of securities that are either to not be sold or not be purchased in their account. For instance, a client may restrict us from selling a position that is transferred into an advisory account or restrict us from purchasing any security issued by a company that is involved with gambling, tobacco, or alcohol. FWS will honor any such written restriction.

4.D Wrap Fee Programs

FWS does not offer a wrap fee program and has no plans to do so.

4.E Assets Under Management

As mentioned previously, FWS has \$34,895,517 Million of client assets under management, with \$32,731,548 Million of client assets being managed with discretionary authority and the remainder managed without discretion.

5. Fees and Compensation

Asset Management Fees

Pursuant to an investment advisory contract signed by each client, the client will pay FWS a monthly or quarterly Management Fee, payable in advance, based on the amount of the assets to be managed by the advisor as of the opening of business on the first business day of each month or quarter. The fee schedule is generally in the range of 1% to 3% of assets under management, but not to exceed 3%. Client is advised that similar services may possibly be obtained for less.

Mutual Fund and Variable Annuity Charges: All fees paid to FWS for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each funds or variable product's prospectus. These fees will generally include a management fee and other fund expenses. Although FWS usually purchases advisor class mutual fund shares that do not pay brokerage compensation, it is possible that some funds may not offer these types of mutual fund shares. If the funds' other features are compelling, FWS may purchase these types of fund shares. If the sponsor also imposes sales charges, a client may pay initial or deferred sales or surrender charges. A client has the option to invest in these products directly, without the brokerage services that are also provided by FWS. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by FWS to fully understand the total fees to be paid.

Clients are responsible for all custodial and securities trading fees (including commissions) charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and brokerage fees.

Clients may request to terminate their advisory contract with FWS, in whole or in part, by providing advance written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the client. Client's advisory agreement with the Advisor is non-transferable without Client's written approval.

Commission:

Currently, all of FWS advisors are also registered as brokerage representatives with FWS.

As registered representatives, employees of FWS may receive separate yet typical compensation in the form of commissions for the purchase of securities products through their employing brokerage firm, as well as for the sale of insurance products.

This arrangement creates a conflict of interest between the advisor and the client, as the advisor has a financial incentive to trade more frequently in the advisory client's account.

Performance Based Fees and Side-by-Side Management

FWS does not charge performance fees, so there is no side by side management between accounts charged performance fees and accounts charged a level percentage of assets under management.

FWS advisors do provide brokerage services to clients that are not advisory clients. FWS does not engage in principal trading, underwriting, or market making, so this arrangement does not create material conflicts of interest between advisory clients and clients that are only brokerage clients of the FWS representative.

FWS will occasionally make use of other advisory firms in a solicitation or co-management situation.

The third-party money manager will receive an investment advisory fee in accordance with the arrangement that the client enters into with the solicited advisor. FWS will receive a portion of the investment advisory fee from the third-party manager, and may assist the client in completing their client questionnaire and account opening paperwork. FWS may also assist in the development of the initial policy recommendations and managing the ongoing client relationship.

The Client, prior to entering into an agreement with a third-party money manager selected by FWS, will be provided with that manager's Form ADV Part 2 or a brochure that makes the appropriate disclosures.

6 Types of Clients

FWS provides investment advice to individuals, corporations, profit sharing plans, institutions or business entities other than those listed above. The overwhelming majority of our clients are individuals. Some of these individuals are considered to be "high net worth individuals," but FWS does not specifically market to or target our services to high net worth individuals. FWS requires that advisers obtain certain basic information from the customer in order to open and maintain an account. The basic tool for doing this is the New Account Information form. In addition, the client will sign a Client Agreement. A relationship will not be established with the client unless all required documentation has been submitted and approved. At a minimum, FWS requires the following:

- Client identifying information
- Financial information
- Investment Objectives and Risk Assessment

First Western Securities advisers will request additional information necessary in order to make suitable recommendations.

7 Methods of Analysis, Investment Strategies and Risk of Loss

The advisor practices custom management of portfolios according to the client's objectives.

The advisor's primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance.

The primary risk of this strategy is that the tactical allocation may diverge from strategic market direction or trends. A secondary risk is that sectors or asset classes that receive our tactical allocations do not perform as anticipated. FWS investment strategy does not involve unusual types of risks. Our primary investment methodology will expose the client to market risk, economic risk, and volatility risk. We normally are able to manage portfolios with a goal of minimizing interest rate risk, liquidity risk, and issuer risk.

The advisor uses exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, variable life insurance, variable annuities, municipal securities, mutual funds, United States government securities, options in securities, and Interest in partnerships investing in real estate and oil and gas interests to implement the tactical allocations.

If mutual funds are used to implement the tactical allocation, the advisor measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance. The advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

While FWS seeks to maximize return at acceptable levels of risk, all investing involves some risk, including the risk of losing some of or the entire invested principal. Clients should be able to bear any risk inherent with investing, which may include the loss of some or all of the client's invested principal.

8 Disciplinary Information

In July of 2007, FWS was notified it failed to properly file the U4's with the Texas State Securities Board for registration of Investment Advisor Representatives. FWS was also found to have failed to properly maintain its Written Supervisory Procedures regarding the activities of its Investment Advisor Representatives. FWS amended its Supervisory Procedures and was reprimanded and fined \$8,000.00.

9 Other Financial Industry Activities and Affiliations

The principal business of FWS is as a broker dealer by the same name, First Western Securities, Inc., a FINRA member broker-dealer. FWS spends 80% of its time on broker-dealer business. All Investment Advisor Representatives for FWS are also registered representatives with First Western Securities, Inc.

As discussed previously, advisory representatives will receive brokerage compensation in the form of commissions for securities trades done through FWS. Advisory clients do have the option of implementing advisory recommendations through another broker.

Investment Advisor Representatives for FWS will sell life, health and long-term care insurance products and will spend approximately 10% of their time on insurance related business.

Therefore, they will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. Clients are not obligated to use FWS for insurance products services. In such instances, there is no advisory fee associated with these insurance products.

10 Code of Ethics

FWS maintains a code of ethics and they will provide a copy to any client or prospective client upon request.

Investment advisory representatives, when acting in the capacity of a registered representative of FWS, may act as broker or agent that affects securities transactions for typical and customary compensation. Clients are not obligated to use advisory representatives of the FWS to execute such securities transactions.

As described above, First Western Securities, Inc. (which is an affiliated broker dealer) acts as an introducing broker for clients of FWS to First Clearing for execution and clearance. FWS may also purchase products from First Western Securities, Inc. Clients are not obligated to purchase products and services from FWS's affiliated broker dealer. FWS will receive usually and customary compensation in the form of commissions for any trades executed through First Western Securities, Inc.

Transactions and Personal Trading: FWS and/or its advisory representatives may from time to time purchase or sell products that they may recommend to clients. FWS has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of FWS deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of FWS are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. FWS collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest.

The firm does not make markets or engage in principal trading. FWS does not perform firm commitment underwriting. Therefore, the firm does not have a direct financial interest in the advisory recommendations made or bought for advisory clients on a discretionary basis. Advisory representatives are strictly prohibited from advising that clients invest in companies in which the advisor has material ownership.

11 Brokerage Practices

In addition to its advisory activities, FWS is a FINRA member brokerage firm that introduces clients to First Clearing on a fully disclosed basis.

FWS does recommend to its Advisory clients that they use FWS as its broker, with First Clearing as the custodial and clearing broker for the advisory client's account. The client has the option to execute the advisor's recommendations through another broker at all times. We choose to recommend our affiliated broker and the clearing firm due to the existence of the relationship, the ability to make rapid changes in client accounts (should market conditions warrant), familiarity with the trade and account management systems by FWS personnel, and ease of account review.

FWS does not receive any hard or soft dollar benefits from this arrangement. FWS is not involved in any directed brokerage arrangements. FWS does not receive compensation for introducing clients to First Clearing.

12 Review of Accounts

Advisory services include performance reviews of your account. We will provide you with periodic performance reviews and reporting based on the information on our records, and ongoing comparisons with selected industry indices or benchmarks.

Our performance reviews are performed by the branch manager and account transactions are reviewed daily.

13 Client Referrals and Other Compensation

FWS currently does not receive any other form of direct compensation for providing advisory services to our clients beyond the advisory fees charged to our clients. We do not use solicitors to refer advisory clients to us. Currently, FWS does not receive any indirect compensation in the form of services or discounted brokerage rates ("soft dollars") in connection with our advisory services. In the future, if FWS were to receive soft dollars for recommending a particular broker, which may result in the client paying higher commissions than those obtainable through other brokers, FWS will follow procedures which ensure compliance with Section 28(e) of the Securities Exchange Act of 1934.

Trading commissions may be used as soft dollars provided that:

- The service is primarily for the benefit of FWS's clients
- The commission rates are competitive with rates paid by FWS to comparable brokers; and
- FWS does not guarantee a minimum amount of commissions to any broker dealer.

Under these provisions, FWS purchases products or services that include third party research, execution services, order managements, services, market data, etc. Where applicable, FWS determines a mixed-use allocation between hard and soft dollars when these services are used for non-research services, including, but not limited to administration, sales, or marketing.

Mutual Fund/12b-1 Fees:

FWS normally will use advisor class shares when placing mutual fund investments for its clients. These shares pay no minimal distribution fees to the advisor. The fund managers do charge management and advisory fees of their own on the participants of the fund and FWS has no control over the charges that a mutual fund manager may charge.

Fund expense ratios are a consideration in identifying mutual funds to recommend or purchase for our clients. FWS does not receive additional direct or indirect compensation from any fund manager.

14 Custody

FWS does not take custody of any client funds or securities. FWS may be deemed to have custody in some states solely based on the automatic payment arrangement that client authorizes as part of the management agreement. The custodian provides statements to clients on a monthly or quarterly basis depending on the activity.

15 Investment Discretion

FWS generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by FWS.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by FWS will be in accordance with each client's investment objectives and goals.

FWS recommends the broker or dealer for custodial and execution services. FWS recommends the broker/dealer to be used based on execution and custodial services offered, cost, quality of service and industry reputation. FWS does not have the ability to dictate minimum commissions or ticket charges.

16 Voting Client Securities

FWS does not vote for proxies for securities owned by advisory clients. Should FWS change this policy in the future; the voting of proxies will only be done as permitted by SEC Rule 206(4)-6. This means that we will:

- a. Adopt and implement written policies and procedures that are reasonably designed to ensure that FWS votes client securities in the best interest of clients, which procedures must include how we address material conflicts that may arise between our interests and those of our clients;
- b. Disclose to clients how they may obtain information from us about how we voted with respect to their securities; and
- c. Describe to clients your proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures to the requesting client.

Advisory clients will normally be provided proxy information from the custodial broker holding their securities that are the subject of the proxy. Advisory clients are free to contact their advisors and ask general questions about proxy materials they receive, but under no circumstances will FWS give advice on how to vote any proxies received by FWS advisory clients.

17 Financial Information

FWS does not require prepayment of client fees in excess of \$500.00 more than six months in advance.

FWS does not have any contractual liability or liquidity issue that will impair in any way our ability to meet contractual commitments with our clients.

FWS has never filed for bankruptcy.

18 Requirements for State-Registered Advisors

a. *Executive Officers*

Randall Ferguson, CRD #859884 Born in Fort Worth, Texas in 1952

Graduated Oklahoma State University, BS in Finance

Employment History:

First Western Securities, Inc. Investment Representative, President (Broker-Dealer) 1987 to present

First Western Securities, Inc. IAR, President (RIA) 2003 to present

b. *Other Business*

Please see Section 10 for a description of the firm's other businesses.

c. *Performance Based Fees*

FWS does not charge performance fees.

d. *Additional Disclosure Information*

State law requires us to disclose if FWS has been involved in any of the following events. If the firm has not been involved in any of the events listed, the word '(NONE)' shall be shown after the specific event:

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity; (NONE)
- (b) fraud, false statement(s), or omissions; (NONE)
- (c) theft, embezzlement, or other wrongful taking of property; (NONE)
- (d) bribery, forgery, counterfeiting, or extortion; or (NONE)
- (e) dishonest, unfair, or unethical practices. (NONE)

2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:

- (a) an investment or an *investment-related* business or activity; (NONE)
- (b) fraud, false statement(s), or omissions; (NONE)
- (c) theft, embezzlement, or other wrongful taking of property; (NONE)
- (d) bribery, forgery, counterfeiting, or extortion; or (NONE)
- (e) dishonest, unfair, or unethical practices. (NONE)

e. ***Relationships With Issuers***

None of FWS advisory representatives have business relationships with any issuer of securities.

FOR CALIFORNIA RESIDENTS:

The information contained in this brochure contains all required information regarding actual or potential conflicts of interest that would be reasonably expected to impair our ability to render unbiased and objective advice as required by CCR Section 260.238(k).