

Client Relationship Summary

March 31, 2025

Introduction

First Wilshire Securities Management, Inc. ("First Wilshire") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

First Wilshire offers **discretionary** investment management services to clients, including retail investors. These services consist of buying and selling primarily, though not exclusively, small and micro-cap U.S. and foreign equity securities using a value investment philosophy. Our investment management services are provided on a *discretionary basis, which means that you will authorize us to buy and sell the securities we recommend for your account(s) without contacting you in advance*. First Wilshire provides three types of advisory services: (1) Separately Managed Account ("SMA") Investment Management Services; (2) Custom Portfolio Investment Management Services; and (3) Financial Review Services.

When providing discretionary investment management services, we have a duty to monitor the investments. A Portfolio Manager regularly reviews accounts for performance, sector weightings, geographic exposures, holdings percentages, and recent transactions. In addition, the Portfolio Manager typically compares accounts to the composite holdings of all accounts and reviews outliers and/or exceptions.

Our current minimum new account investment to open a SMA is \$500,000. Accounts of smaller size may be considered under certain circumstances. Financial Review Services, unless otherwise noted in the investment advisory agreement we have with a client, are provided at a fixed fee of \$1,000. First Wilshire also manages two private funds on a discretionary basis, Lake Street Fund, L.P. and Mount Wilson Global Fund, L.P. (collectively, the "Funds"). These private funds have minimum investment requirements outlined in their offering documents.

For additional information, please see our [Form ADV, Part 2A](#) ("Brochure"), Items 4 and 7.

Questions to ask your financial professional:

- ◆ *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- ◆ *How will you choose investments to recommend to me?*
- ◆ *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

What fees will I pay?

We charge you a fee for our investment management services based on the value of the assets held in your account (except in connection with our Financial Review Services, where we charge a fixed fee). The asset-based fee we charge is calculated as a percentage of the account value as of the close of business on the last business day of the quarter preceding the quarter for which the fee is due. The amount of the fee will be set forth in the investment advisory agreement you enter into with us, and will be deducted quarterly from your account, unless another method of payment has been established. Since we charge an asset-based fee, the more assets there are in your account, the more you will pay in fees. Therefore, *First Wilshire may have an incentive to encourage an investor to increase the assets in their account.*

Depending on your broker/custodian, you may be charged other fees by your broker/custodian including transaction fees, brokerage fees and commissions, retirement plan administration fees, wire and electronic fund transfer fees and other fees and taxes on brokerage accounts and securities transactions.

You will pay fees and costs whether you make or lose money on your investments.

Fees and costs will reduce any amount of money you make on your investments over time.

*****Please make sure you understand what fees and costs you are paying.*****

Questions to ask your financial professional:

- ◆ *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**What are your legal obligations to me when acting as my investment adviser?
How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interest. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

Here are some examples to help you understand what this means:

Proprietary Products – The owners of First Wilshire also own Lake Street Management, LLC and Mount Wilson Management, LLC, which have retained First Wilshire to manage the Funds, on a discretionary basis. First Wilshire receives compensation for the management of the Funds, which may create an incentive to encourage an investor to invest in the Funds.

Employee/Firm Principal Investing – First Wilshire has potential conflicts of interest in managing our SMA clients and the Funds because certain of our employees and principals are investors in the Funds and because we may receive performance-based incentive payments from the Funds.

*For additional information, please see our **Form ADV, Part 2A** ("Brochure"), Item 6.*

Questions to ask your financial professional:

- ◆ *How might your conflicts of interest affect me, and how will you address them?*
- ◆ *How does the fact that there are relationships among the various funds affect my investment?*

How do your financial professionals make money?

Our Portfolio Managers are responsible for the day-to-day management of your investments, and are paid a base salary as well as a discretionary bonus primarily based on individual job performance and the financial results of the firm.

Because Portfolio Managers receive bonuses based on firm profits, our Portfolio Managers may be incentivized to increase assets under management in order to increase the firm's revenue from advisory fees.

Do you or your financial professionals have legal or disciplinary history?

First Wilshire and/or our financial professionals do not have any legal or disciplinary history.

Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals at any time.

Questions to ask your financial professional:

- ◆ *As a financial professional, do you have any disciplinary history?*
- ◆ *For what type of conduct?*

Additional Information

If you would like additional, up-to-date information or a copy of this disclosure, please call (626) 796-6622 or visit our website at www.FirstWilshire.com.

Questions to ask your financial professional:

- ◆ *Who is my primary contact person?*
- ◆ *Is he or she a representative of an investment adviser or a broker-dealer?*
- ◆ *Who can I talk to if I have concerns about how this person is treating me?*