

Northern Capital Management, Inc.

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FORM ADV Part 2A Firm Brochure

March 30, 2018

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Northern Capital Management, Inc. Please note 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 Northern Capital Management, Inc. also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Northern Capital Management, Inc. (herein referred to as "Northern Capital") is a registered investment adviser. Registration does not imply a certain level of skill or training. If you have questions about the contents of this Brochure, please contact Lisa Burke, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 extension 35 or via email to lisa@ncm-inc.com.

Item 2 – Summary of Material Changes

Northern Capital Management, Inc. updates and distributes this document annually or, in the event of material changes, more frequently. Since our last updating amendment on March 27, 2017, we have updated this Brochure to reflect our current practices:

1. Affiliate name change: Northern Capital is an affiliate to the SEC registered investment adviser Northern Capital Retirement Services, Inc. (formerly Capital Retirement Plan Services, Inc.) The name change for this affiliate was effective March 28, 2018. See Item 4 for details.
2. Cybersecurity: Northern Capital has implemented various measures designed to manage risks relating to cybersecurity and information security events. See Item 8 for more details.

Our firm will deliver a copy of this section to clients within 120 days of the close of its fiscal year to inform clients of material changes to the firm's business philosophies and practices. Clients can request a full copy of the latest version at any time by contacting Lisa Burke, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 extension 35 or via email to lisa@ncm-inc.com.

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Item 4 – Advisory Business

Company History

Northern Capital Management, Inc. (“Northern Capital”) has been in business since 1992. James K. Wilson is the Company’s founder and principle shareholder. The name Northern Capital Management, Inc. was established in 2003. Northern Capital is an affiliate to the SEC registered investment advisor Northern Capital Retirement Services, Inc. (formerly Capital Retirement Plan Services, Inc. established in 2012). The name change for this affiliate was effective March 28, 2018.

Northern Capital offers a full range of wealth management and investment advisory services to individual clients, families, corporations, and foundations. These services include portfolio management as well as comprehensive financial and retirement planning, wealth transfer planning, and education planning.

Wealth Management Service

The Wealth Management Service commonly includes Financial Planning, Investment Advice, Asset Management, Administrative and Non-Investment Related Services. Consult the Financial Advisory Agreement to confirm any specific services you are contracted to receive. We charge clients a fee for our Wealth Management Service as described below under Item 5 Fees and Compensation.

Financial Planning

- Development of financial and/or cash flow plans and net worth statement
- Access to financial planning software eMoney
- Explanation of budgeting principles and assistance with goal setting
- Planning for retirement, *including*:
 - Helping you anticipate when you can retire
 - Anticipating income needs in retirement
 - Creating investment and withdrawal strategies
 - Helping you decide when to take Social Security benefits
- Planning for college expenses and other goals
- Review of estate planning, insurance and other legal documents

Investment Advice

Under the Wealth Management Service, investment advice is tailored to the needs of the client using an assigned Investment Objective (“IO”). Advisor representatives meet with you to discuss your financial situation, tolerance for risk, long-term plans and goals. Based on this information, a suitable Investment Objective (“IO”) is assigned to your portfolio. The IO reflects an Allocation Model used to manage your investments. Advice is provided according to the IO selected. Changes can occur at different stages in your investing life. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information.

Asset Management

Under the Wealth Management Service, client portfolios are invested and managed according to the Investment Objective (“IO”) selected by the client as described above. Asset Management includes:

- Investment selection and portfolio allocation on a discretionary or non-discretionary basis. See Item 16 Investment Discretion.
- Monitoring of the investments in your accounts and periodic trades to replace investments as directed by the firm’s Investment Committee. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.

- Account reviews offered annually but more frequently upon request. See Item 13 Review of Accounts.
- Updating you on market conditions and the Investment Committee's activities and outlook:
 - Advisor presentations in-person or online via webinar or conference call.
 - Articles available upon client request. Examples include:
 - *Weekly Market News* publication
 - *Periodic Trending Topics* publication
 - *Client Alerts* publication
 - Blog and/or Videos posted to our website and distributed by email or via social media channels

Administrative Services

- Consultations are available at our office located in Spokane, WA and by email or telephone
- Access to our website and secure client document portal upon request
- Portfolio reports post to the client portal quarterly for those who sign up
- Portfolio reports can be delivered upon request by mail or email
- Required Minimum Distribution assistance
- Tax data sufficiency checks upon request
- Assistance with class action Proof of Claim and Release Forms upon request, although be advised we do not provide legal advice or act on your behalf in legal proceedings
- Money market funds management services such as facilitating movement of money (redemptions, distributions, wires, etc.) upon request

Institutional Intelligent Portfolios™ Program

Program Overview

Under the Institutional Intelligent Portfolios™ Program, we offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System").

The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire.

The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated

investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

Administrative Services

- Consultations are available at our office located in Spokane, WA and by email or telephone
- Access to our website and secure client document portal upon request
- Portfolio reports post to the client portal quarterly for those who sign up
- Portfolio reports can be delivered upon request by mail or email
- Assistance with class action Proof of Claim and Release Forms upon request, although be advised we do not provide legal advice or act on your behalf in legal proceedings
- Money market funds management services such as facilitating movement of money (redemptions, distributions, wires, etc.) upon request

Financial Consulting Services (Financial Planning Only)

Clients can contract to receive one-time financial planning for a fee. We charge clients a fee for this consulting service as described below under Item 5 Fees and Compensation. Specific services are detailed in the consulting agreement, but will commonly include:

- Evaluation of your current investments owned
- A review of your existing broad-based portfolio allocations
- Recommendations related to your broad-based portfolio allocations

Not included is the implementation of recommendations such as changes to your investments or asset management, monitoring, or reporting services.

Rollover Services

Regardless of other services you have hired us to deliver, we can advise you on retirement assets. Rollover Services include:

- An explanation of your available options such as the ability to rollover the balance to an IRA, keep the balance within the plan, roll assets to a new employer's plan, or cash out;
- Recommendations;
- Assistance with opening an IRA account, if applicable; or
- Assistance with transfer/rollovers, if able.

There are various factors to consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA or new employer plan, ii) fees and expenses in the plan versus the fees and expenses in an IRA or new employer plan, iii) the services and responsiveness of the plan's investment professionals versus ours, iv) strategies for the protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. See Item 10 Other Financial Industry Activities and Affiliations.

Bill Pay Services

A client can authorize us to make bill payments on their behalf. This commonly occurs for clients who have selected an advisor representative as Power of Attorney or Trustee for their account(s). Other situations include direct access to a client's bank account, investment account, or other account information to pay bills for them. See Item 15 Custody.

Held Away Accounts and Client Login Credentials

In limited situations we will manage accounts not linked to our firm by obtaining a client's personal login credentials. We consider these accounts Held Away. The service is limited to facilitating trading only. It is only allowed for websites where the login credentials do not give Northern Capital the ability to move funds or securities (i.e. custody).

Services Overview

You can choose one service or a combination of offerings depending on what is most important to you. Our Wealth Management Service is the most comprehensive. However, by combining the other offerings (Financial Planning Only and Institutional Intelligent Portfolios™ Program, for example) you can receive certain services you desire without the full Wealth Management Service. As you choose the services you want, keep in mind our approach to asset allocation between the Wealth Management Service and Institutional Intelligent Portfolios™ is different.

Assets Under Management

As of December 31, 2017, the values of regulatory assets under management were as follows:

- Discretionarily Managed: \$297,561,292.00
- Non-Discretionary Managed: \$1,100,024.00
- Total Managed: \$298,661,316.00

See Item 16 Investment Discretion for more information about Discretionary and Non-Discretionary management arrangements.

Item 5 – Fees and Compensation

Management fees are negotiable.

Northern Capital is most commonly compensated for advisory services by charging a percentage of advisory assets. This is called our "management fee" or "advisory fee." The annual rate is detailed in the Financial Advisory Agreement including any minimum fee that applies. Fees are payable on a six-month lagging basis without regard to additions or withdrawals during the prior six-month period.

Clients purchasing a one-time Financial Plan will pay a financial consulting fee that is either stand alone or, if the client has also signed up for an advisory service, in addition to a separate advisory fee.

Northern Capital only charges you fees considered fair and reasonable for services rendered but it is possible similar services can be obtained from other advisory firms at a lower cost or a combination of financial consulting fees and advisory fees at our firm might cost less than purchasing the standard Wealth Management Service.

Northern Capital can charge fixed fees (not including subscription fees), a flat annual fee, combination of a fixed percentage with a flat minimum fee or create graduating scales where the fee percentage drops as specific break points for portfolio value are reached. Performance based fees are prohibited. As a benefit of employment, employees and spouses receive advisory services at no cost and the employee's immediate family members often receive a reduced rate for services.

Advisory Fees

Wealth Management Service Advisory Fee

Our standard annual fee structure is 1% on assets under \$3,000,000 and .75% thereafter with no minimum fee. The firm will commonly charge a half-rate on 529 Plan accounts. Fee structures are determined by the account size, intensity and type of the engagement.

Institutional Intelligent Portfolios™ Asset Monitoring Fee

Our standard annual fee structure is 0.4% on assets enrolled in the program.

Calculating Your Fee

Our fee is calculated every six months and is based upon the assets as of the billing date without regard to additions or withdrawals during the prior six-month period. When calculating the fee, limited partnerships and other thinly traded securities are generally valued at \$0 due to a lack of marketability and the difficulty associated with verifying a price with outside third parties, though exceptions apply. Illiquid securities are always valued at Zero.

Financial Consulting Services

Financial Planning Only: A one-time flat fee can range from \$500 to \$3,000 depending on the scope of the financial plan. The Financial Planning fee must be paid by check and is collected in two parts: 50% payable at the onset of the engagement and the final 50% is payable at conclusion. If 50% of the fee exceeds \$1,200, a lesser percentage will be collected at the onset and a greater percentage collected at the end. If the client elects to transition to the Wealth Management Service at any time during the Financial Consulting relationship, 50% of the total fee will be waived.

Bill Pay Services: Our standard rate for an hourly fee is \$75 per hour.

Additional Fees and Expenses

Wealth Management Service

In addition to our fees, you are responsible for the fees and expenses charged by custodians and other third parties. Fees and expenses take many forms, but the most common include:

- Transaction fees charged by a broker-dealer or qualified custodian: Examples include transaction fees charged by the broker or custodian in exchange for effecting the trades in your accounts requested by our firm.
- Mutual fund and ETF fees: Mutual funds and ETFs charge fees that are separate and in addition to transaction costs charged when buying or selling shares. Northern Capital does not purchase mutual funds with a front-end sales charge, however, mutual funds can include a transaction fee paid to the custodian when bought or sold. ETFs can also have transaction fees to buy or sell. In addition to transaction fees, mutual funds and ETFs can have fees paid to third parties as detailed below. Northern Capital is not the recipient of such fees and considers total fees when selecting and recommending investments.
 - Operating Expense Ratios (“OERs”) are charged on an ongoing basis and are based on a percentage. The fee is paid to the fund company to pay for management and operational costs.
 - 12b-1 fees and Sub TA fees are charged on an ongoing basis and are based on a percentage. The fee is paid to a third party, most commonly as part of a revenue sharing arrangement.
 - Short-term or contingent redemption fees can apply if a fund is sold within a specified time frame from purchase date.

- **Custody fees:** These are charged by some custodians for housing certain assets and/or real estate. Some custodians do not charge custody fees but are compensated in other ways (like transaction fees). Brokerage arrangements are further described below in Item 12 Brokerage.
- **SEC Fees:** The are charged by the SEC when selling exchange-listed equities. Fee is separate from transactions fees although it is processed by the custodian when transactions occur.

Institutional Intelligent Portfolios™ Program

As described in Item 4 Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

Paying Your Bill

Our billing procedure is to send you an itemized bill. This bill includes a description of how the fee was calculated and the total amount due.

Automatic Fee Deduction: Eligible accounts are set up for automatic fee deduction unless client specifically asks to pay by check. If you authorize custodian(s) to process the auto deduction from your account(s), once authorization is established, future fees are deducted each billing cycle automatically. You continue to receive an itemized bill indicating the amounts deducted and fees can be confirmed using your independent brokerage statements that you receive from your qualified custodian. Authorization can be revoked at any time and you can request to pay by check instead.

Pay by Check: If you elect to pay by check, you will receive an itemized bill on each billing cycle and a request for payment. All checks must be payable to “Northern Capital Management, Inc.” If you are contracted to receive Financial Planning Consulting Services only, you must pay your bill by check.

Pre-Payment: Northern Capital does not allow for the pre-payment of fees.

Refunding Fees

Northern Capital does not have a termination penalty. In the event you want to terminate service, you are liable for fees rendered through the termination date. Our contract allows termination by either party to take effect 30 days after the request has been provided in writing.

In the event you elect to terminate within the first 30 days of the advisor-client relationship, we will not charge you a fee. The advisor-client relationship is established when the firm approves your signed Financial Advisory Agreement. Please note additional fees incurred during the account integration process or the implementation of trades is non-refundable.

Item 6 – Performance-Based Fees and Side-By-Side Management

Northern Capital does not charge performance-based fees or engage in side-by-side management.

Item 7 - Types of Clients

Wealth Management Service

Clients eligible for the Wealth Management Service include individuals, IRAs, 401k FBO “Brokerage Window” accounts, trusts, estates, and organizations (such as corporations, foundations, and partnerships). There is no minimum account size for new clients.

Institutional Intelligent Portfolios™ Program

Clients eligible to enroll in the Program include individuals, traditional IRAs, SIMPLE and SEP IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

Conflicts of Interest Associated with Client Relationships

Advisor representatives identify each client they are working with and determine whether there are interests that conflict with other clients who receive advice. Examples include:

[Divorcing Clients](#): During the divorce of two spouses, an advisor representative can provide advisory services to both spouses. Either spouse can request another representative at the firm be assigned during the divorce process or longer term, if they would like to remove such conflict of interest.

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

Investment Committee

The Investment Committee of Northern Capital and affiliate Northern Capital Retirement Services, Inc. (est. 2012) include the same professionals and processes. Investments and Allocation Models are established and reviewed by the Investment Committee which consists of the Chief Investment Officer, Investment Advisor Representatives (“IARs”), and members of the Trading Department. IARs are contributors or voters for the Investment Committee, must have a bachelor's degree, a minimum of two years relevant investment industry experience, and have passed the Series 65 exam or equivalent. See the ADV Part 2B Brochure Supplements for information specific to each IAR.

Types of Investments

Recommendations commonly include open-end mutual funds that are no-load/noncommissioned products and exchange traded funds (“ETFs”). Advice can also include stable value funds, closed-end funds, unit investment trusts, exchange listed securities, debt securities such as corporate, municipal or governmental bonds, certificates of deposit or debt other than commercial paper, variable life insurance products, and interests in real-estate partnerships.

Method of Analysis

Northern Capital employs a host of tools when selecting and monitoring investments. The process of selection, review, and testing is the same for all service model types. The main sources of information used in our research include Morningstar products, fi360 products, financial newspapers, and other research publications, and websites (both paid and non-paid subscriptions).

Investments, primarily open-end mutual funds and exchange traded funds, are selected by the Investment Committee through a vetting process. The initial review includes but is not limited to reviews of expenses, transaction fee/commission vs. non-transaction fee/commission arrangements, risk rating, performance relative to other funds considered peers or benchmarks, and management tenure if applicable.

Reviews rely on third party provider fi360 to deliver a Fiduciary Score on investments selected by the Investment Committee. The fi360 Fiduciary Score is a quantitative evaluation of how well a fund meets a minimum set of due diligence criteria. The scoring system weights a fund's standing in relation to thresholds in nine areas defined by fi360 that reflect prudent fiduciary management: regulatory oversight; track record; assets in the fund; stability of the organization; composition consistent with

asset class; style consistency; expense ratio/fees relative to peers; risk-adjusted performance relative to peers; and performance relative to peers.

The Investment Committee monitors active manager funds. Information comes from subscriptions, articles, newspapers or conversations with fund sponsors. Committee members are responsible for making notifications and/or recommendations to the Investment Committee.

Institutional Intelligent Portfolios™ Investment Selection

The program is limited to exchange traded funds (“ETFs”) and cash allocations though the method of analysis remains consistent with the description above. As described in Item 4 Advisory Business, the Program Disclosure Brochure you receive when you sign up for the program includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest.

Other Investments

The Investment Committee utilizes fundamental investment analysis when selecting other investment types under the Wealth Management Service. Most commonly, this is used for individual stock recommendations. The sources of information can include Morningstar products, financial newspapers, other research publications and websites (both paid and non-paid subscriptions), research material prepared by outside entities including custodians and earnings analysts, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company Press Releases, investment company sales and advertising literature, and/or discussions with individuals deemed to have expert or specialized knowledge. The underlying financial health of a company or asset is considered. This includes industry, products, revenues, earnings, future growth potential, return on equity, profit margins, earnings per share, historical dividend payouts, and so on, to determine an asset’s underlying value, potential for future growth, and/or anticipated dividend income. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of factors considered when evaluating the investment.

Asset Allocation/Portfolio Composition

Asset allocation is how we balance risk and reward by dividing up your investments into different asset classes according to your goals, risk tolerance and investment horizon. The three main asset classes are equities, fixed-income, and cash and equivalents. Additional asset classes can be used. Each asset class has different levels of risk and return and will behave differently over time. The Investment Committee reviews the investment strategies available to the Wealth Management Service and Institutional Intelligent Portfolios™ Program. Ranging from the most aggressive investors to highly risk adverse investors, allocation (“Models”) are created for the services. The Wealth Management Service models are referred to as “Investment Objective Models” whereas the allocations for the Institutional Intelligent Portfolios™ are referred to as “strategies” or “portfolios.”

Short-term investment performance is not the primary measure when evaluating the success of a portfolio. All allocation models are offered with long-term investing as the focus and keeps long-term trends in mind. The Wealth Management Service seeks to improve take-home returns through goal-based financial planning, tax-loss harvesting, asset allocation and retirement guidance, rather than focusing on investment performance alone. In both programs, short-term model changes are therefore not a prominent part of our asset management approach. We do not attempt to “time the market” with short market movements or intraday trading and prefer longer-term allocation strategies. Progress toward long term goals is our aim. Proactive wealth-preservation such as “selling to cash” is not part of Asset Allocation/Portfolio Construction. This creates risk in market corrections

and downturns. However, changes to the Investment Objective Model or Institutional Intelligent Portfolios™ strategy can occur at any time upon client request.

Institutional Intelligent Portfolios™

As described in Item 4 Advisory Business, we offer a range of investment strategies and the allocation models created by the Investment Committee. Each strategy is mapped to the System's online questionnaire. When you sign up for the program online, the online questionnaire helps the program determine your investment objectives and risk tolerance and select an appropriate portfolio model. You will be asked to review and approve the recommended strategy or select one level less or more conservative or aggressive. One of our advisors must then make a final decision and select a portfolio strategy based on all the information we have about you.

Investment Advice

Northern Capital and our employees perform investment management services for many individual and institutional clients and will not favor any one client over another in making advisory recommendations, subject to the suitability of those recommendations to a particular client and the specified investment objectives of the client.

Wealth Management by Investment Objective

The Investment Committee meets regularly to review the Investment Objective ("IO") models available and confirms the target allocations for each. Some IOs have a Base *and* Plus allocation model available. The *Plus* model will increase equity exposure above the Base model. This is used if you wish to be slightly more aggressive than peers in your IO model but not so aggressive as to require a change to your IO completely. Once you approve an IO, Northern Capital is granted the authority to switch between Base or Plus models without additional written consent.

Selecting an Investment Objective ("IO") Strategy

When you become a Wealth Management client, you are asked to complete a New Client Account Application and Financial Advisory Agreement. These documents include questions that help us confirm your investment objectives and risk tolerance and select an appropriate Investment Objective for your accounts. You must approve the IO in writing as well as detail any cash reserves, cash minimums, custom allocation model instructions, and account or investment restrictions. Unless we are directed otherwise, all accounts in your portfolio will be managed under one group ("portfolio") and the portfolio will be allocated according to the IO model, even if the various accounts that collectively make up the portfolio are invested differently.

Trades are generally executed for all clients at once or through a process of randomization, however in some cases preferential treatment does occur. Delays in trades for any reason can negatively or positively impact returns due to market fluctuations.

- Preference based on Investment Objective: In ETF and Mutual Fund trading we consider fees and size of transactions. When increasing equity exposure in such positions across all client accounts, aggressive clients may be traded first while more conservative clients are traded after. Conversely, when trading decreases equity exposure in such positions, conservative clients may be traded first and the most aggressive are traded last. Clients with Investment Objectives with a more balanced allocation may not have preferential treatment unless a recommendation is narrow in scope.
- Preference based on timing of client meetings: At times a client meeting will occur while a recommendation is under consideration by the investment committee or trades for clients are in progress. Upon advisor request, a client with any Investment Objective can participate immediately.

- Preference based on the client's custodian: Most of our clients have accounts held at Charles Schwab. For that reason, these accounts are traded first, regardless of whether an account belongs to a client of our firm or an affiliate. We deliver trade instructions to other custodians (ex. TD Ameritrade) after the Schwab trades are submitted.
- Preference based on the client's advisory firm: When a recommendation requires block trades and aggregation, we are unable to block trades for our clients with trades of our affiliate's clients. Therefore, Northern Capital clients are traded first and trades for clients of our affiliate are placed second.
- Preference based on trading authorization: Clients that do not grant full trading discretion can experience delays due to pre-approval requirements. Northern Capital will execute trades on behalf of all discretionary accounts before contacting Non-Discretionary accounts or making recommendations related to "Contact First" investments.
- Preference based on Account Size or Transaction Size: During Tax-Loss Harvesting or Capital Gain Distribution trades, only accounts meeting a specific pre-determined account size will participate.
- Delays to avoid fees: Depending on market conditions and other factors, client positions with applicable short term or contingent redemption fees can be delayed from liquidation to avoid or minimize fees.

Material Risks

Investments are not guaranteed. Investing in securities or debt instruments (directly or in the form of mutual funds, exchange traded funds, etc.) involves risk of loss that clients should be prepared to bear. With all investments there are inherent, unavoidable, and often unforeseeable risks. These risks will vary depending on the nature of the investment, the strategy pursued, the type of instrument used to pursue or give effect to that strategy, the conditions and performance of the U.S. and global economies, as well as the performance/financial condition of the individual company or entity issuing the security. With all investments the value of the investment at the time of sale will fluctuate and might be greater or less than the value at the time of purchase. Any past success of an investment strategy or methodology does not imply or guarantee future success.

Primary risks inherent in investing in the types of securities used for client accounts include, but are not limited to:

- Risk of loss of principal
- Interest-rate risk
- Credit risk
- Reinvestment risk
- Economic risk
- Political risks
- Market disruptions
- Exchange disruptions or malfunctions
- Currency risk (principally for foreign securities)
- Liquidity risk
- Risk of default
- Inflation
- Market volatility

Additional risks include inaccurate data used by the Investment Committee while making recommendations (despite our efforts to verify information as accurate) and negative tax consequences because of recommendations. While Northern Capital seeks to assess the merits of investing in a security or recommending a third-party investment manager based upon an assessment of the perceived risks and potential rewards, there are no assurances that our assessments will be

correct or that subsequent events or company, market, or investment manager changes will not render the assessment incorrect later.

Additional Risks to Consider

Index Funds: An index mutual fund (open, closed, or exchange listed) aims to replicate the movements of an index of a specified financial market or benchmark. Risk factors in addition to those above include but are not limited to muted returns and tracking errors.

Fund of Funds: A “Fund of Funds” is a mutual fund with underlying investments comprised solely of other mutual funds. Risks in addition to those above include but are not limited to higher fees and lower returns for investors.

Commodities, including Precious Metals: Investments in commodities, including precious metals, vary. Some investments purchase the commodity directly, some through companies producing or developing the commodity (i.e. mining stock) and some through derivatives. Risks in addition to those above include but are not limited to loss of principal, leverage, and high volatility.

Stable Value Funds: A stable value fund is a fixed income investment fund managed by an investment fund manager with a wrap contract that guarantees book value to participants for participant-initiated events. Fund managers typically invest in highly rated corporate debt, highly rated structured securities, and other similar fixed income investments. The fair market value fluctuates daily, but the book value or net asset value (NAV) does not fluctuate. Risks in addition to those above include restrictions on participant distributions or transfers during certain market conditions, potential risks related to a fair market value adjustment upon the occurrence of an employer-initiated event, including material participant withdrawals because of employer-initiated communications.

Alternatives to Fixed Income Investing: During low interest rate environments, the Investment Committee can select alternatives to traditional bonds to satisfy the fixed income requirement of a portfolio. Alternatives include Alternative Bond Funds (which exchange interest rate risk for higher default risk), cash in lieu of bonds (which can create a negative rate of return), and/or Balanced and Flexible Mandate Funds (which can increase equity exposure and credit risk in a manner not be noticeable to investors, increase market correlation, and add exposure to international markets, precious metals, foreign currencies and/or leverage).

Investing for Dividends and Interest Only: Clients utilizing the Investment Objectives Pure Equity Income and/or Long-Term Income will receive a separate disclosure called “Investing for Dividends and Interest” that explains associated risks.

Inverse Securities: Inverse securities seek investment results that are opposite to that of an assigned benchmark or index. Risk factors include but are not limited to liquidity and deviations from expected rates of return. Many inverse securities include derivatives using complex trading strategies. The nature of these derivatives can lead to inaccurately-priced positions in the fund and high risk unpredictable performance.

Leveraged Mutual Funds: Leveraged Mutual Funds often seek investment results that are amplified or multiples of the performance of an index or benchmark they track. Risk factors include but are not limited to higher volatility, trading restrictions, deviations from anticipated returns and the potential for higher fees and OERs.

Legislative and Tax Risk: Performance can be affected by government legislation or regulation directly or indirectly to include changes in investment advisor or securities trading regulation; change in the U.S. government’s guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations. Clients risk earning taxable income on investments without having a cash distribution to pay the tax due. Regarding tax-loss harvesting transactions, you must confer with your personal tax advisor regarding the tax consequences of trades placed by our firm based on your circumstances. You and your personal tax advisors are responsible for how the transactions in your account are reported to the IRS or any other taxing authority. We assume no responsibility to you for the tax consequences of any transaction.

Cybersecurity Risk: Although Northern Capital has implemented various measures designed to manage risks relating to cybersecurity and information security events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Northern Capital to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Northern Capital's operations and client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Item 9 - Disciplinary Information

Northern Capital has no disciplinary history to report. Northern Capital is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our firm. Our firm and personnel have no reportable disciplinary events to disclose at the present date.

Item 10 - Other Financial Industry Activities and Affiliations

Northern Capital is not a registered broker-dealer nor does it have an application pending to become broker-dealer. No employee of Northern Capital is registered with a broker-dealer nor is a representative of a broker-dealer.

Northern Capital is an affiliate to registered investment advisor, Northern Capital Retirement Services, Inc. SEC registration does not imply a certain level of skill or training. Our affiliate offers services to employers, retirement plan sponsors, trustees and participants for 401(k), 403(b), SIMPLE and SEP retirement plans. This affiliation presents a conflict of interest as we have an economic incentive to encourage you to roll plan assets managed under our affiliate into an IRA that will be managed under our Wealth Management Service or Institutional Intelligent Portfolios™ Program. If you rollover assets into an IRA account to be managed, it is possible you will pay higher fees in fund expenses and/or advisory fees. While fees are fair and reasonable for the service you select, higher fees can diminish overall returns and there is no guarantee new investments in an IRA will outperform the investments offered within a retirement plan. No client is under any obligation to rollover plan assets to an IRA managed by us or to engage us to monitor and/or consult on an account maintained at an existing plan. To address conflicts of interest, we have policies and procedures in place to assess the appropriateness of any recommendation to rollover assets from a plan managed by Northern Capital Retirement Services, Inc. The ownership of Northern Capital and our affiliate are substantially similar which diminishes the economic incentive for recommending one entity over the other.

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

We have established a Code of Ethics for our personnel that imposes a high standard of business conduct on us and our employees and emphasizes our fiduciary duty to our clients. The Code includes provisions regarding prohibitions on insider trading, personal trading activity in employee and employee-related accounts, and compliance with laws. Our Code of Ethics emphasizes that employees have a duty to place the interests of our clients first. A copy of our Code of Ethics is available to current or prospective clients upon request by contacting our Chief Compliance Officer.

Personal Trading: The Code establishes rules of conduct for all employees. It is designed to govern personal securities trading activities, among other things. According to the Code, employees agree to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their personal interests ahead of clients.
- Taking inappropriate advantage of their position with the firm.
- Prohibited or undisclosed conflicts of interest.
- Any abuse of their position of trust and responsibility.

The purpose of the Code is to preclude activities leading to or give the appearance of undisclosed conflicts of interest, illegal insider trading and other forms of prohibited or unethical business conduct.

Under the Code of Ethics, each employee (i.e. employee, director, partner, officer or spouse, including minor children or relatives residing with such individuals) may trade for their own accounts in securities which are recommended to and/or purchased for clients. The Code requires pre-clearance of all reportable securities transactions

Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between us and our clients. Employees are prohibited from buying and selling directly to or from a client account as well as participating in client trades by way of aggregation or allocation.

Employees may, from time to time for their own account, purchase, sell, hold or own securities or other assets which may be recommended for purchase, sale or ownership for one or more clients. When a decision to purchase or liquidate a security from all applicable accounts is made, priority would always be given to the clients' orders before those employees.

To supervise compliance with the firm's Code of Ethics, we require that employees provide annual securities holdings reports and quarterly transactions reports to the firm's Chief Compliance Officer. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended, and are required to follow the Code of Ethics.

Item 12 - Brokerage Practices

Soft Dollar Arrangements

Clients do not pay higher fees or commissions because of working with the qualified custodians that provide brokerage services. Our firm receives research and brokerage services that enhance the investment advice provided to clients, but this is in exchange for assets held in custody and not connected to transactions.

Brokerage for Client Referrals

Northern Capital has no formal arrangement regarding referrals with custodians or broker-dealers. When a referral is made to or from these entities no compensation is received or paid as a result. Northern Capital has no obligation to maintain any specific amount of business (including assets under custody or trading activity) in response to client referrals. To date, CS&Co has a history of referring clients to Northern Capital and others listed do not.

Directed Brokerage

We do not allow directed brokerage. Transactions will be processed through the qualified custodian of your account. If you hold an alternative asset we can attempt to secure bids from a variety of

broker-dealers to try and “find a market” for your transaction. We will not under any circumstance accept directions to use a specific broker-dealer.

Block Trades and Aggregation of Client Orders Policy

Whenever feasible, trade orders will be aggregated together. This occurs when trade orders to purchase or sell the same security for multiple clients is needed at the same time. Block orders merge those client transactions into a single aggregated trade that is executed in one block trade. The block trade creates one price per share to be received by all participating clients. Once the block order is executed, the aggregated transactions are separated out and allocated to each client account. Each client trade is recorded. In the event a block order does not completely fill, trades are allocated to various accounts using an objective method (e.g. pro rata allocation or randomization) to ensure over time one group of clients does not receive preferential treatment over another.

Qualified Custodians and Brokerage Services

Northern Capital’s responsibility to monitor best execution relies heavily upon our review process for selecting qualified custodians. Qualified custodians must be a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC or provide brokerage services through a third-party broker-dealer that meets these requirements. It is the qualified custodians that execute transactions for client accounts that are submitted by Northern Capital. To the extent you can transfer or rollover assets into accounts with our qualified custodians, we will require you do so. If you hold assets at an outside qualified custodian and are prevented from transferring, we have the option to manage the account or not and limitations to service will likely apply.

As a client, you decide whether to open accounts with our qualified custodians by entering into an account agreement directly. We facilitate the account opening and transfer process for you.

We do not use the lowest possible trading cost as the main determining factor in selecting qualified custodians. Our selections are based on a comprehensive review of the custodian’s services, historical professional relationships, reputation, financial strength, custody capabilities, order entry and execution systems, transaction costs, execution capability, reporting features, technology, research, customer service, and other tools provided to Northern Capital. We monitor the structures of various custodians to minimize trading costs for clients *while* maximizing other benefits to Northern Capital *and* our clients. Benefits received in exchange for custody business can create conflicts of interest further described below.

Wealth Management Service

Qualified Custodians

- Charles Schwab & Company (“CS&Co”) including Great West Annuities
- TD Ameritrade
- TIAA

Charles Schwab & Company (“CS&Co”)

This custodian does not charge a separate fee for custody but is compensated through transaction related fees for trades executed through the broker-dealer and trades that settle into accounts custodied with the broker-dealer.

Schwab Advisor Services provides us and our clients with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. CS&Co’s support services described below are generally available on an unsolicited basis (we don’t

have to request them) and at no charge to us. The availability of CS&Co's products and services is not based on us giving investment advice, such as buying securities for our clients. Here is a more detailed description of CS&Co's support services: CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co's services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

CS&Co also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

CS&Co may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co may also provide us with other benefits such as:

- Occasional business entertainment of our personnel;
- Discounts for Morningstar's research products and fi360 products;
- A free subscription to Schwab Compliance Technologies (a tracking tool utilized by compliance); and
- Trade error costs less than \$100.

The availability of services from CS&Co benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co in trading commissions or assets in custody.

TD Ameritrade ("TDA")

This custodian does not charge a separate fee for custody but is compensated through transaction related fees for trades executed through the broker-dealer and trades that settle into accounts custodied with the broker-dealer. TDA provides access to institutional custody services, a trading platform, access to brokerage services as described, administrative support and research. Typically, the same kinds of services are not available to TDA retail clients. Northern Capital does not actively recommend TDA for client accounts. Northern Capital utilizes TDA to accommodate existing client accounts and new client accounts already custodied at TDA. It is an alternative custodian to CS&Co.

TIAA

Custody fees for TIAA plans vary and are approved by the client or a retirement plan sponsor. TIAA is used when a client has a retirement plan account or other account (IRA, Roth, etc.) at TIAA and the

client has requested discretionary management. For accounts offered through an employer, the participant account receives the custody services and trading platform approved by the plan sponsor and must remain on the TIAA platform due to the association with the retirement plan. Account types such as IRA, Roth, etc. can remain at TIAA when the investment options available and cost savings associated with the platform are found to be in the best interest of that client. All TIAA accounts are limited to specific investment options. We agree to manage the assets at TIAA using the investment options available.

Institutional Intelligent Portfolios™ Program

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co., a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with CS&Co. by entering into a brokerage account agreement directly with CS&Co. We do not open the account for the client. If the client does not wish to place his or her assets with CS&Co., then we cannot manage the client's account through the Program. CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services— trading, custody, reporting, and related services— many of which are not typically available to CS&Co. retail customers. CS&Co. also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. CS&Co.'s support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co.'s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co.'s support services:

CS&Co.'s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit the client and the client's account.

CS&Co. also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co. also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

CS&Co. also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

CS&Co. may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co. may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co. may also provide us with other benefits such as occasional business entertainment of our personnel.

The availability of services from CS&Co. benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at CS&Co. that are not enrolled in the Program. Considering our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

Mutual Fund Companies

Mutual fund providers may offer additional services intended to help us manage and further develop our business enterprise. These services can include educational conferences and events and/or technology, compliance, legal, and business consulting items.

Attendance at these types of educational conferences may be paid for by the event sponsor provided the event is educational in nature, cost is reasonable, and our attendance is not expected or intended to influence investment recommendations.

Trade Error Policy

It is the firm's policy to exercise the utmost care when handling client orders and correcting transactions when a trade error occurs. From time to time, an error in submitting a trade can occur. If a trade error occurs in a client account, the party responsible for the error will bear the cost of correcting the error. If we are responsible for the error, we will bear the cost and clients will always be made whole.

Item 13 - Review of Accounts

Wealth Management Service

Our advisors are primarily responsible for our relationships with each advisory client. Advisors are supported by our Portfolio Managers and Portfolio Administrators that assist with monitoring and servicing of the advisory client's account(s). Accounts are first reviewed after initial account setup. Additional account reviews are conducted periodically for portfolio cash flows, security weightings, investment actions and restrictions to insure adherence to client stated investment objectives or limitations. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information on Investment Objective models.

Financial plans are offered and are typically prepared for clients when establishing a relationship with Northern Capital. Reviews of financial plans are offered annually thereafter and may be updated during client review meetings or after life changing events.

We also review a client's goals and objectives more frequently in response to various events, including a change in market, political or economic conditions, or a change in an advisory client's circumstances or financial goals, among other things. The Investment Committee regularly reviews the securities held in the model portfolios.

Institutional Intelligent Portfolios™ Program

As described in the Program Disclosure Brochure, client portfolios are managed by the System and rebalanced accordingly. Account reviews are offered to clients on an annual basis.

Reporting

The account custodian sends statements to advisory clients no less frequently than quarterly. These statements list the account positions and activity in the account for the period, as well as other related information. The custodian also sends trade confirmations to advisory clients following each transaction or on a consolidated basis if requested by the client.

In addition to the statements and confirmations that advisory clients receive from their custodian, Northern Capital provides clients with a quarterly report delivered electronically via an online client portal. Quarterly reports summarize account assets, performance, asset allocation, weighting, change in value of account. Reports can also be delivered to clients at any other time upon client request.

Item 14 - Client Referrals and Other Compensation

Referrals

From time to time, various professionals and firms introduce clients to Northern Capital. Northern Capital does not receive referral fees and there are no quid pro quo arrangements.

Solicitors

Northern Capital does not currently have solicitor arrangements. When and if Northern Capital hires a solicitor to seek out potential clients for our firm, under these contracted arrangements, Northern Capital will pay compensation, direct or indirect, to the solicitor in exchange for new advisory business. Solicitor activities are supervised by our firm and solicitor arrangements must be disclosed to potential clients in writing prior to the client's completion of a Financial Advisory Agreement.

Custodians

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving investment advice, such as buying securities for our clients.

Institutional Intelligent Portfolios™ Program

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving investment advice, such as buying securities for our clients.

Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct advisory fees directly from your account. The custodians maintain actual custody of your assets. You will receive account statements directly from your custodians (e.g. Schwab, CS&Co., TD Ameritrade, TIAA Cref) at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Situations for which we have custody include accounts in which we are appointed as Trustee or Power of Attorney, Bill Pay Services, or where a Standing Letter of Authorization is established. Per the written agreements, these accounts allow us to move and transfer funds or securities and change account information on behalf of clients. We aim to limit these types of accounts and each appointment is reviewed on a case-by-case basis. Northern Capital complies with the requirements of the Custody rules by obtaining an annual surprise examination by a qualified accounting firm of those accounts for whom we are deemed to have Custody.

Item 16 - Investment Discretion

Northern Capital has discretionary trading authority for most Wealth Management Service clients. We require investment discretion for all accounts enrolled in the Institutional Intelligent Portfolios™ Program.

Discretionary Management

Discretionarily managed clients delegate all investment decisions to the advisor. The advisor, without obtaining additional client consent, makes all investment decisions including the investments to be bought or sold, the amount to be bought or sold, and considers the transaction costs the client will pay because of trading activity.

A client provides Northern Capital with discretionary authority upon execution of a Northern Capital Management Financial Advisory Agreement (FAA).

Non-Discretionary Management

Non-Discretionarily managed clients want ongoing monitoring and investment advice, but they do not authorize the advisor to make investment decisions on their behalf. Northern Capital must contact the client to recommend all trades and the client can either accept or deny the recommendation.

Northern Capital has a small number of individual clients who would be considered non-discretionary. Individual clients can select a non-discretionary arrangement at the onset of the relationship or change the election after selecting discretionary. The client can also select a specific account or security to be non-discretionary. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information.

Unmanaged/Client-Directed or “Courtesy” Accounts

Unmanaged accounts, also referred to as “Courtesy” accounts, are client-directed and are not monitored or managed by our firm. Likewise, they are not charged a management fee. Unmanaged account owners do not want the advisor to make recommendations or trade on their behalf. The advisor does *not* review, supervise or monitor investments, but will review upon client request. The accounts are linked to Northern Capital for informational purposes only.

Account Restrictions

Most clients are discretionarily managed. This means we are permitted to place trades in your accounts without contacting you first. See Item 16 Investment Discretion for more information.

Prohibited Account Restrictions: Institutional Intelligent Portfolios™ Program clients are not permitted account restrictions and must be discretionarily managed.

Allowed Account Restrictions: Wealth Management clients, from time to time, will desire to restrict trading for one or more specific accounts or securities within their portfolio. We allow you two levels of restrictions to accommodate these situations. All restrictions are limited and must be made in writing:

- **Non-Discretionary Account:** This restriction is used if you want to be contacted before we place trades in a specific account in your discretionarily managed portfolio. Accounts coded as “Non-Discretionary” or “Contact First” will not be reviewed or traded as quickly as discretionarily managed assets.

If an entire portfolio becomes restricted, then you are creating a non-discretionary management arrangement by default and discretionary trading will stop.

Allowed Investment Restrictions

- **Contact First:** A holding coded as “Contact First” requires the firm to contact you prior to trading. The investment can be *included* in your portfolio and we will review and rebalance your other holdings around it, making recommendations on the “Contact First” holding if necessary. The position *is* included when calculating the management fee because we are accommodating the position within a managed portfolio and adjusting other managed positions to accommodate it.
- **Hold:** A holding on “Hold” by written request is considered a client-directed asset. The position can be included in your portfolio and we will review and rebalance around it. However, unless requested in writing we will not review, monitor, or make recommendations for investments “On Hold.” The position is included when calculating the management fee because we are accommodating the position within the managed portfolio and adjusting other positions around it.
- **Unmanaged/Client Directed:** An “Unmanaged” holding is a client-directed asset. The investment is *excluded* from the client’s portfolio allocations entirely. The advisor does not review, monitor or make recommendations for unmanaged assets. The client directs all trades for unmanaged assets. The investment is *excluded* when calculating the management fee.

Prohibited Investment Restrictions

Institutional Intelligent Portfolios™ Program clients are not permitted to have any investment restrictions. Wealth Management client are not allowed to impose restrictions against specific companies, industries, or sectors to include:

- Specific individual stocks or bonds like Coca Cola, McDonald’s, etc.
- “Sin” industries like gambling or tobacco.
- Specific sectors like foreign stocks, precious metals, commodities, etc.

Item 17 - Voting Client Securities

Northern Capital has no authority to vote proxies on behalf of advisory clients. Upon request, Northern Capital will help regarding proxy matters upon request. However, clients always retain proxy voting responsibilities.

Institutional Intelligent Portfolios™ Program

As described in the Program Disclosure Brochure, clients enrolled in the Program designate SPT to vote proxies for the ETFs held in their accounts. We have directed SPT to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third-party proxy voting service provider retained by SPT for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SPT to vote proxies will retain the ability to vote proxies themselves by signing a special CS&Co form available from us.

Item 18 - Financial Information

Northern Capital is required in this Item to provide you with certain financial information about its financial condition. We have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Brochure Supplement(s)

Northern Capital is required to prepare an ADV Part 2B Brochure Supplement for each of the following supervised persons:

- Any supervised person who formulates investment advice for a client and has direct client contact; and
- Any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct contact with the client.

Supplements are attached, and Investment Advisor Representatives are listed in alphabetical order.

Designations and Professional Certifications Explained

Educational background on Investment Advisor Representatives is included on the firm's ADV Part 2B Brochure Supplements. The following summary has been provided to assist clients in understanding the minimum qualifications required for designations and a brief description of the purpose or focus of the designation. Additional information on professional designations can be found through FINRA's website at: <http://www.finra.org/investors/professional-designations>

Certified Financial Planner® (CFP®)

The Certified Financial Planner® (or CFP®) is a professional designation from the Certified Financial Planner Board of Standards, Inc.

Purpose: To obtain expertise in the following areas: 1) General Principles of Finance and Financial Planning, 2) Insurance Planning, 3) Employee Benefits Planning, 4) Investment and Securities Planning, 5) State and Federal Income Tax Planning, 6) Estate Tax, Gift Tax, and Transfer Tax Planning, 7) Asset Protection Planning, 8) Retirement Planning, 10) Estate Planning

Minimum qualifications:

- Minimum education and industry experience standards apply.
- Education: Candidates must have a bachelor's degree (or higher), or its equivalent, in any discipline, from an accredited college or university.
- Experience: The CFP Board requires a CFP® to have three years of full-time relevant personal financial planning experience.

For more information:

<http://www.cfp.net/become-a-cfp-professional/cfp-certification-requirements>

Registered ParaplannerSM or RP[®]

The Registered ParaplannerSM or RP[®] is a professional designation from the College for Financial Planning[®].

Purpose: To gain basic and practical knowledge of the following areas: 1) the Financial Planning Process, 2) Financial Statements & Cash Flow Management, 3) the Time Value of Money, 4) Investment Principles & Mutual Funds, 5) Equities & Debt Instruments, 6) Tax Planning, 7) Retirement Planning, 8) Introduction to Insurance, 9) Life & Health Insurance, and 10) Estate Planning.

Minimum qualifications:

- Experience: Individuals must complete a three-month long internship program in which they obtain verification from their immediate supervisor or employer documenting their mastery of the set of basic financial planning-related skills.

For more information: <http://cffpdesignations.com/>

Accredited Investment Fiduciary[®] (AIF[®])

The Accredited Investment Fiduciary[®] (or AIF[®]) is a professional designation from Fiduciary360. Purpose: To obtain a thorough knowledge of fiduciary practices and the ability to apply them as well as being able to assist others in implementing proper policies and procedures regarding fiduciary standards.

Minimum qualifications: AIF Candidates must earn a minimum number of points per an established valuation framework. The framework includes the categories of Education (e.g. Bachelor's, Master's, Doctorate/JD), Professional Development (Industry Credentials), and Relevant Industry Experience.

For more information: <http://www.fi360.com/main/designations.jsp>

Series 65 Examination

The Series 65, officially known as The Uniform Investment Adviser Law Exam, is designed by the North American Securities Administrators Association (NASAA) and administered by Financial Industry Regulatory Authority FINRA.

Purpose: To test an individual's knowledge and ability to advise clients in investing and discuss general financial concepts. The exam focuses on topic areas such as retirement planning, portfolio management strategies, and fiduciary obligations. The Series 65 gives the holder the ability to charge a fee for providing and discussing investment advice. Most state securities regulators have set the Series 65 as the minimum requirement to become an Investment Advisor Representative.

Minimum qualifications: None

For more information: <http://www.finra.org/industry/series65>