



FORM ADV Part 2A Firm Brochure

Northern Capital Management, Inc.

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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>.

Brochure Date: March 27, 2017 (Last Update: March 30, 2016)

Northern Capital Management, Inc. (herein referred to as “Northern Capital”) is a registered investment adviser and registration does not imply any level of skill or training. If you have questions about the contents of this Brochure, please contact Sarah Dahmen, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 extension 21 or via email to sarah@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. This section summarizes changes made since the previous *annual* brochure:

1. Institutional Intelligent Portfolios™ (the “Program”) is the newest service offering of Northern Capital. Program details and descriptions have been added to the ADV Part 2A Brochure Items 4, 5, 7, 8, 12, 14, 15, and 17.
2. The Securities and Exchange Commission provided additional guidance on custody considerations related to Third Party and First Part Standing Letters of Authorization (“SLOAs”). SLOAs are used to enable clients to authorize Northern Capital to communicate on their behalf with qualified custodians to direct disbursements of funds to third parties or between two or more of the client's own accounts. Details have been added to the ADV Part 2A Brochure Item 15.

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 may request a full copy of the latest version at any time by contacting Sarah Dahmen, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 extension 21 or via email to sarah@ncm-inc.com.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Summary of Material Changes	1
Item 3 – Table of Contents.....	1
Item 4 – Advisory Business	2
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 - Types of Clients	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 - Disciplinary Information.....	10
Item 10 - Other Financial Industry Activities and Affiliations.....	11
Item 11 - Code of Ethics	11
Item 12 - Brokerage Practices.....	12
Item 13 - Review of Accounts	14
Item 14 - Client Referrals and Other Compensation.....	16
Item 15 – Custody	16
Item 16 - Investment Discretion	18
Item 17 - Voting Client Securities	18
Item 18 - Financial Information	18
Item 19 - Requirements for State-Registered Advisers	18
Brochure Supplement(s)	18
Designations and Professional Certifications Explained.....	19

Item 4 – Advisory Business

Company History

Northern Capital Management, Inc. (“Northern Capital”) has been in business since 1992. The name Northern Capital Management, Inc. was established in 2003. Northern Capital is an affiliate to the SEC Registered Investment Advisor Capital Retirement Plan Services, Inc. (Est. 2012). That firm is also incorporated and owned solely by James K. Wilson.

Wealth Management Service Offering

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
- Estate planning to include plans for the transfer of wealth upon your death and a review of wills and other legal documents.

Investment Advice

Under the Wealth Management service, investment advice is tailored through the use of an assigned Investment Objective (“IO”). Advisor representatives meet 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 that will be used to manage your investments. Advice is also provided according to the IO selected and changes to them may 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) for more information on 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) for more information.
- Account reviews. These are offered annually but are available to you more frequently upon request.
- 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 and Non-Investment Related 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: www.northernwelcome.com.
- Portfolio reports post to the client portal quarterly and can be delivered to you 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.

Financial Consulting Services (Financial Planning Only)

Clients that do not select the Wealth Management Service may 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.

Institutional Intelligent Portfolios™ Program

Clients that do not select the Wealth Management Service may enroll in Institutional Intelligent Portfolios™ (the “Program”) and receive Asset Allocation advice and discretionary trading as described below.

Program Overview

Portfolio management services are provided through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the “Program” and “SWIA,” respectively).

Through the Program, we offer clients 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 is prohibited from restricting the ETFs bought or sold in their portfolio. The client’s portfolio is held in a brokerage account opened by the client at SWIA’s affiliate, Charles Schwab & Co., Inc. (“CS&Co”). We are independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, “Schwab”).

The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the “Program Disclosure Brochure”), which is delivered to clients by SWIA during the online enrollment process.

Northern Capital, not Schwab, is 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. SWIA’s role is limited to:

- Delivering the Program Disclosure Brochure to clients; and
- Administering the Program so that it operates as described in the Program Disclosure Brochure.

We have contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This 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). Clients do not pay fees to SWIA in connection with the Program, but 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, as described in the Program Disclosure Brochure. We do not pay SWIA fees for its services in the Program 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 SWIA an annual 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 that our clients with accounts not enrolled in the Program be maintained with CS&Co.

Rollover Services

Regardless of other services you may have hired us to deliver, we can advise you on retirement assets. Rollover Service may 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 that we may 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. 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. We may have an economic incentive to encourage you to roll plan assets into an IRA that will be managed under the Wealth Management Service or Institutional Intelligent Portfolios™ Program or to encourage you to maintain assets in the plan if the plan itself is contracted with affiliate Capital Retirement Plan Services, Inc. to receive services for a fee based on plan assets. If you rollover assets into an IRA account to be managed, you may pay higher fees in fund expenses and/or advisory fees. While the fees may be fair and reasonable for the service you select, higher fees can diminish overall returns and there is no guarantee new investments will outperform the investments in the current plan.

Services Not Offered

- Insurance or mutual fund sales
- Wrap Fee Programs or Brokerage services
- Legal or tax advice outside the scope of Certified Financial Planner™ Designations

Assets Under Management

As of December 31, 2016, the values of regulatory assets under management were as follows:

- Discretionarily Managed: \$258,086,258
- Non-Discretionary Managed: \$2,094,948
- Total Managed: \$260,181,206

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. It is possible that similar services may be obtained from other advisory firms at a lower cost, however Northern Capital only charges you fees considered fair and reasonable for services rendered. Northern Capital may also elect to 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 may 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 may 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.

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.

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.

Automatic Fee Deduction: As an alternative to paying by check, our standard procedure for new clients is to arrange for an automatic fee deduction. 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 may request to pay by check instead.

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 considered to be 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.

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 fees:** Mutual funds charge fees that are separate and in addition to transaction costs charged when buying or selling shares of the mutual fund. Northern Capital does not purchase mutual funds with a front-end sales charge, however, mutual funds may be selected for clients that include a transaction fee paid to the custodian when bought or sold. In addition to transaction fees, mutual funds may 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 mutual 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 may 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.

Institutional Intelligent Portfolios™ Program

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

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, 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 per account (at enrollment) and \$50,000 per account (upon enrollment) for the Tax-Loss Harvesting strategy. Minimum required account balances do not apply for maintenance of the account and automatic rebalancing, but an account must maintain a \$40,000 balance to participate in the tax-loss harvesting strategy.

Anti-Money Laundering Program

To help the government fight the funding of terrorism, money laundering and identity theft activities, Northern Capital has adopted Anti-Money Laundering and Identity Theft Red Flag policies and procedures. As part of those procedures, our firm may request clients to provide documentation to verify their identity. For entity clients this includes the primary contact and signers authorized to transact.

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

Investment Committee

The Investment Committee of Northern Capital and affiliate Capital Retirement Plan Services, Inc. (est. 2012) include the same professionals and processes. Investments and Allocation Models are reviewed by Investment Advisor Representatives (“IARs”). 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

Northern Capital does not invest in proprietary products. It does not directly manage the investments recommended.

Method of Investment Analysis

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 magazines and websites (both paid and non-paid subscriptions).

Initial Selection: Investments are selected by the Investment Committee through a vetting process. The initial review, focusing on open-end mutual funds and exchange traded funds, includes but is not limited to reviews of expenses, risk rating, performance relative to other funds considered peers or benchmarks, and management tenure if applicable.

Quarterly Review: Quarterly 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.

Monthly Review: The Investment Committee monitors active manager funds. Reviews may include information from subscriptions, articles, newspapers and conversations with fund sponsors. Fund Advocates 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. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

Other Investments

The Investment Committee utilizes fundamental investment analysis when selecting other investments under the Wealth Management Service. Most commonly, this is used for individual stock recommendation. The sources of information used in this research may include Morningstar products, financial newspapers, other magazines 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 discussions with individuals deemed to have expert or specialized knowledge. The underlying financial health of a particular 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 aim to 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 may 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. Accounts may be initially assigned an aggressive strategy and overtime be changed to a more conservative strategy as the objectives and risk tolerance of the account change. Proactive wealth-preservation is not part of Asset Allocation/Portfolio Construction and this may expose the client to risk in market downturns. However, changes to the Investment Objective Model or Institutional Intelligent Portfolios™ strategy can occur at the request of the client at any time to change to a more conservative strategy.

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.

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.

Account Restrictions

The majority of 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 allows 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” may 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 may 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 may 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 considered to be 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.

Risk of Loss

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. 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 and market volatility in general. 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 as a result of recommendations. While Northern Capital seeks to assess the merits of investing in a particular 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 at a later time.

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, may vary greatly. 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 on a daily basis, 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 as a result of employer-initiated communications.

Alternatives to Fixed Income Investing: During low interest rate environments, the Investment Committee may use alternatives to traditional bonds to satisfy the fixed income requirement of a portfolio. Alternatives may 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 that may 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 they may not perform as anticipated.

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 may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: 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. Client may incur taxable income on investments without 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 particular 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.

Conflicts of Interest Associated with Specific Investment Recommendations

529 Plans: Advisor representatives may recommend Savings-Based 529 Plans over Pre-Paid Plans or other plan types due to the ease of downloading account information into our firm's portfolio management software. Savings-Based Plans can be reviewed more easily than other options. Advisors can also manage them for a fee. Common recommendations for 529 Plans include the Kansas state 529 Plan (sponsored by Charles Schwab), the Virginia state 529 Plan (sponsored by College America, using American Funds options) and the Utah Educational Savings Plan. While the 529 Plan offered by a client's state of residence is taken into consideration, whether Savings or Pre-Paid, the plan recommended to you may be more expensive or have fewer state-tax incentives.

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 may include:

Divorcing Clients: During the divorce of two spouses, an advisor representative may provide advisory services to each spouse. This creates a conflict of interest. Either spouse may request a change to another advisor representative during the divorce process if they would like to remove any conflict of interest.

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

Outside Business Activity

Employees must receive prior approval for all outside employment activities to ensure material conflicts of interests involved with such activities are properly addressed, mitigated, and disclosed. Management monitors outside business activities to verify and any outside business activities that create a conflict of interest are disclosed on the ADV Part 2B Brochure Supplement.

Item 11 - Code of Ethics

Code of Ethics

A Code of Ethics (Code) has been adopted and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (Advisers Act). The Code is based upon the principle that employees owe a fiduciary duty to our clients. The Code is designed to ensure this high ethical standard continues to be applied. The excellent name and reputation of our firm is a reflection of the ethical conduct of each employee. Northern Capital has created written policies and procedures for the firm and the Code is created as part of these procedures.

We will provide a copy of our Code of Ethics to any current or prospective client, upon request.

Highlights from our Code of Ethics

Policy on 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 which may lead to or give the appearance of undisclosed conflicts of interest, illegal insider trading and other forms of prohibited or unethical business conduct.

Participation or Interest in Client Transactions: The Investment Committee manages portfolios for our employees. Therefore, investments and trading strategies recommended by the Committee for client accounts may also be recommended for employee accounts. Purchases or sales of mutual funds, exchange traded securities, and variable annuities that are recommended to clients may be traded in employee accounts also. Currently, there are no policies or procedures in place to prevent this from occurring. However, the execution of transactions must be made in such a way to honor the Code and not put an employee's personal interests ahead of our clients. Employee transactions into individual stock or individual bonds require prior approval from compliance. Compliance reviews ensure transactions are not violating our Code and trades are not placed ahead of pending client orders for the same security.

Employees are prohibited from:

- Buying and selling directly to or from a client account
- Participating in client trades by way of aggregation or allocation

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. We may, from time to time, make an error in submitting a trade. When an employee is notified or discovers a trade error, the Chief Compliance Officer is notified immediately for review and correction. The correction may be processed differently depending on the situation but the correction philosophy remains the same:

- The party responsible for the error will bear the cost of correcting the error. If an employee is responsible for the error, the firm will bear the cost. Clients will always be made whole if they are not at fault for the trade error.
- If related errors result in both gains and losses in a client's account they may be netted.
- Employees are not allowed to correct their own trade errors due to the conflict of interest that arises.
- **Gains:** Corrections that result in gains, discovered after settlement, will generally be credited to the client's account unless the custodian prohibits this practice in which case the gain will be donated to charity.
- **Losses:** Corrections that result in losses will be reversed or reimbursed. If the custodian will not allow reversal of trades, our firm will reimburse the client in another way.

Note: If Schwab is the custodian, Schwab will cover the loss if it is under \$100. This is done to minimize and offset its administrative time and expense but also protects Northern Capital from having to pay for the loss.

Item 12 - Brokerage Practices

We do not offer 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 are able to 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 may agree to management of the account in limited situations and limitations to our management services may 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 in an effort 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 conflict of interest and therefore material benefits are further described by custodian.

Directed Brokerage

We do not allow client-directed brokerage. Transactions will be processed through the qualified custodian of your account or if you hold an alternative asset we may attempt to secure bids from a variety of broker-dealers to try and "find a market" for your transaction but will not under any circumstance accept your directions to use a particular broker-dealer.

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 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. Current discounts include Morningstar's research products and fi360 products as well as a free subscription to Schwab Compliance Technologies (a tracking tool utilized by compliance).

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. may 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.

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

- Charles Schwab & Company (“CS&Co”)

In addition to our portfolio management and other services, the Program includes the brokerage services of CS&Co. 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 an 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. As described in the Program Disclosure Brochure, SWIA 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 Program. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. Schwab Advisor Services provides us and our clients with additional services detailed above in this section under Wealth Management Service – Qualified Custodian. The availability of such 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 SWIA fees for its services in connection with the Program so long as we maintain \$100 Million in client assets in accounts at CS&Co that are not enrolled in the Program. In light of 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.

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.

Soft Dollar Arrangements

Clients do not pay higher fees or commissions as a result 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. As a result, “Soft Dollar” arrangements do not exist.

Item 13 - Review of Accounts

Wealth Management Service

Over time, your portfolios will deviate from the Investment Objective model assigned. Performance of investments, deposits and withdrawals, etc. can cause your portfolio to deviate from the assigned model and sometimes rather quickly. In order to keep your portfolio compliant with the assigned IO model, reviews and rebalances must periodically occur. See Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for more information on Investment Objective models.

Portfolio Specific Reviews

Reviews of account allocations and financial plans are offered to you annually and available more frequently upon your request. Commonly, a review occurs during a meeting that you have with an advisor representative but can also occur in response to an impromptu meeting, telephone call or email communication from you. On request meetings may address general topics, questions regarding performance or structure, or specific requests such as tax-loss harvesting.

Life changing events should also prompt a review of your assigned Investment Objective. We ask you to keep us fully informed of all life-changing events so we can reflect that information on your financial profile and potentially update your IO. Examples include changes to health (including illness or disability), changes to

marriage status (including divorce or marriage), death or severe illness of a close family member (spouse or dependents) and any other changes that may affect how your investments should be managed. Account reviews may include portfolio rebalances as the advisor representatives deems necessary.

Client Wide Reviews

In addition to portfolio specific reviews, Investment Committee members complete other account reviews in various ways for Wealth Management clients.

Annual Reviews: At a minimum, managed accounts are reviewed annually. These reviews may be a standalone rebalance project or coincide with client-wide trades directed by the Investment Committee.

Ongoing Reviews: The Investment Committee makes recommendations to purchase or sell investments throughout the year. These trades may be implemented client-wide or for specific Investment Objectives, but are generally executed within a short time frame. Called “trading projects,” these trades may include selling out of a particular investment or market sector and reinvesting the proceeds somewhere else. Portfolio Managers review accounts during these trading projects to ensure all eligible accounts participate in the project and portfolios remain in compliance with assigned models.

Tax-Loss Harvesting or Capital Gain Distribution Reviews: While the majority of tax motivated trading strategies occur individually at the client’s request, occasionally the Investment Committee may identify tax-loss harvesting opportunities or trading strategies to avoid capital gain distribution for nonretirement accounts across the client-base.

Trading Project Disclaimers: Delays in trades for any reason can negatively or positively impact returns due to market fluctuations. Trading Projects are generally executed for all clients at once or through a process of randomization that avoids preferential treatment over time. However, in some cases preferential treatment does occur and client account rotation is not random:

- Preference based on Investment Objective: In projects where equity exposure will increase, Portfolio Managers work through the Investment Objectives from the most aggressive to the most conservative. Aggressive clients are traded first while conservative clients are traded last. Conversely, when projects decrease equity exposure, Portfolio Managers work in the reverse. Most conservative clients are traded first and the most aggressive are traded last. Systematically, this creates preferential treatment and clients using Investment Objectives “in the middle” with a more balanced allocation do not receive the preferential treatment unless a project is narrow in scope and limited to fewer Investment Objectives.
- Preference based on timing of client meetings: At times a client meeting will occur while a trading project is in process. Upon advisor request, a client with any Investment Objective may participate in the project immediately and outside of the normal order.
- Preference based on the client’s custodian: Accounts held at Charles Schwab are traded first, regardless of whether the account belongs to a client of our firm or our affiliate Capital Retirement Plan Services, Inc. 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 trading project requires block trades and aggregation, we are unable to block trade orders with clients of our affiliate Capital Retirement Plan Services, Inc. Therefore, in a trading project, Northern Capital clients are traded first and after trades are submitted, clients of our affiliate will be created and submitted for execution.
- 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 transactions 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 trading projects, only accounts meeting a specific pre-determined account size will participate.
- Delays to avoid fees: Depending on market conditions and other project details, client positions with applicable short term or contingent redemption fees may be delayed from liquidation during a trading project in order to avoid or minimize fees.

Notification of Deposits/Withdrawals: Portfolio Managers review accounts while investing cash or selling investments in preparation for an upcoming withdrawal. The timing of such investments or liquidations may vary and are at the discretion of the Portfolio Manager or advisor representative.

Exceptions to continuous and ongoing investment management:

- Advice and trading for 529 Plans vary depending on the plan selected. Some 529 Plans are recommended initially and reviewed upon client request. Some plans are linked to the firm and reviewed annually and

after certain life changing events. Some plans are age-based and allocations automatically adjust as a child nears college age, therefore reviews occur annually or upon request.

- Held Away Accounts are reviewed on a quarterly basis rather than continually and are excluded from trading projects. Rebalances tend to occur annually but may occur more frequently if quarterly reviews reveal deviations outside parameters set by the Investment Committee.

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.

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 written quid pro quo arrangements, however, Northern Capital maintains a list of professionals that we recommend to clients and we anticipate referrals from these professionals in return. These professionals are referred to as our "Strategic Partners." Northern Capital commonly recommends professionals in the following areas: banking, accounting, legal, insurance, real estate, elder care, estate planning, third party administration and recordkeeping, benefits and payroll services. We do not recommend professionals in the following areas:

- Sponsor or syndicators of limited partnerships
- Futures Commission Merchants, Commodity Pool or commodity trading advisors

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.

Gifts and Entertainment

In the past, professionals have sent Northern Capital or our affiliate a gift in thanks for a referral (such as a gift basket, gift certificate, or provided a discount on a service). Additionally, existing clients and non-client entities have periodically received gifts from our affiliate in thanks for a referral. These gifts are not obligatory or part of any formal referral arrangement and we anticipate similar situations arising for Northern Capital in the future.

Institutional Intelligent Portfolios™ Program

The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 – Custody

Every account is opened and held with an independent qualified custodian separate from Northern Capital. Even with an independent qualified custodian holding account(s) our firm may be in custody of client assets if we hold (as defined by the Securities and Exchange Commission) "directly or indirectly, client funds or securities or has any authority to obtain possession of them." The following examples apply to our business practices.

Fee Deductions

A client may authorize us to have the qualified custodian automatically deduct our advisory fees directly from the client's account(s). These automatic fee deductions occur under the Wealth Management Service and Institutional Intelligent Portfolios™ Program. Our firm maintains records to substantiate each fee deduction and while we are exempt from the surprise examination requirement, we must meet all other custody rule requirements.

Third Party Money Movement - Standing Letters of Authorization (SLOAs)

A client may authorize us to communicate on their behalf with the qualified custodian and use this authorization to direct the custodian to disburse funds to third parties from the client's account(s). If you grant us limited authority to transfer funds in this way, as required by the Securities and Exchange Commission, these custody arrangements will be reported on the firm's ADV beginning in 2018. If the following additional

requirements are satisfied our firm will be exempt from the surprise examination requirement, though we must meet all other custody rule requirements.

1. Advisor authority to transfer funds is limited to your written instructions only. Such instructions must include:
 - Your signature, the third party's name, and either the third party's address or an account number and custodian where the transfer should be directed.
 - An authorization for the qualified custodian to direct transfers to the third party on a specified schedule or from time to time.
2. Your qualified custodian must ensure they complete a verification of your instructions that includes a signature review or other verification method. The custodian must also provide a transfer of funds notice to you promptly each time a transfer occurs.
3. You maintain the ability to terminate or change your instructions at any time.
4. We will have no authority or ability to change or designate the identity of the third party, the address, or any other information about the third party.
5. We maintain records as evidence the third party is not related to our firm or located at our office.

First Party Standing Letters of Authorization (SLOAs)

A client may authorize us to communicate on their behalf with a qualified custodian and use this authorization to transfer funds or securities between two or more of the client's own accounts. If you grant us this limited authority and the following requirements are satisfied then we will not have custody of your assets and the custody rule and surprise custody examination requirement will not apply:

1. Advisor authority to transfer funds is limited to your written instructions only. Such instructions must be signed by you and specifically state the particular name and account numbers on sending and receiving accounts (including the ABA routing number(s) or name(s) of the receiving custodian).
2. Your qualified custodian must complete a review of the identified accounts to confirm they belong to you.

Held Away Accounts and Client Login Credentials

We will not take custody of client assets by obtaining a client's personal login credentials. We will only facilitate transactions or money movement using a website, software and database belonging to our firm but *not your personal login* information. Clients should never provide personal login credentials to us unless they will be used to establish the management of a "held away" account. Held away accounts are an arrangement where Northern Capital receives the client's usernames and password to a website but that website's features are limited. The login credentials do not give the client or Northern Capital the ability to move funds or securities. Held Away accounts are allowed provided the following requirements are satisfied:

1. Held Away accounts are authorized in writing by you.
2. You receive a written confirmation from us that access to the username and password does *not* create a custody arrangement.
3. The Chief Compliance Officer of our firm reviews the Held Away account initially and on an annual basis to confirm access to login credentials does not create a custody situation.

Bill Pay Services

A client may 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 rare situations include direct access to a client's bank account, investment account, or other account information to facilitate the Bill Pay Service. As required, the firm must meet all custody rule requirements for these arrangements.

Qualified Custodians and Account Statements

Every account is opened and held with an independent qualified custodian that is separate from Northern Capital. You will receive account statements directly from the qualified custodian at least quarterly. Statements will be sent to the email or postal mailing address you provide to the qualified custodian. You should carefully review those statements promptly when received. We also urge all clients to compare custodian statements to the periodic reports we send and confirm accuracy. Our reports may vary slightly from statements from the qualified custodian based on our accounting procedures, reporting dates or valuation methodologies of certain securities. Clients should contact the Chief Operations Officer, Michelle Warner, immediately if any significant discrepancies or errors are discovered.

Item 16 - Investment Discretion

Northern Capital requires investment discretion for accounts enrolled in the Institutional Intelligent Portfolios™ Program and has discretionary trading authority for the majority of Wealth Management Service clients.

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 as a result of trading activity.

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 may complete a non-discretionary Financial Advisory Agreement at the onset of the relationship or, under a discretionary arrangement, the client may select a specific account or security that is non-discretionary. See Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for more information.

Disclaimer: Clients that do not grant investment discretion and remain with a Non-Discretionary arrangement, often experience delays in trading execution due to the pre-approval requirement. Northern Capital will execute transactions on behalf of discretionary accounts before contacting non-discretionary accounts. Delays in trades for any reason can negatively or positively impact returns due to market fluctuations.

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. Previously called “Non-Monitoring clients,” 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.

Item 17 - Voting Client Securities

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

Institutional Intelligent Portfolios™ Program

As described in the Program Disclosure Brochure, clients enrolled in the Program designate SWIA to vote proxies for the ETFs held in their accounts. We have directed SWIA 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 SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special CS&Co form available from us.

Item 18 - Financial Information

Northern Capital is not required to provide a Schedule G balance sheet.

Item 19 - Requirements for State-Registered Advisers

Northern Capital is a federally registered investment advisor.

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: Prerequisite:

- 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: Prerequisite:

- 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 with regard to 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> or <http://www.fi360.com/lightbox-content/aifa-designation-qualifications-prerequisites>

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 the area of 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. Other certificates and licenses can be deemed sufficient training in place of the Series 65 and exempt the holders from having to take this exam, most commonly the Certified Financial Planner® (or CFP®) certification, chartered financial analyst (CFA) designation, charter financial consultant (ChFC), personal financial specialist (PFS), or chartered investment counselor (CIC).

Minimum qualifications: None

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

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