

**Part 2A of Form ADV: Firm Brochure**

**NorthStar Capital Funds, LLC**

**March 30, 2020**

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**This firm brochure (this “Brochure”) provides information about the qualifications and business practices of NorthStar Capital Funds, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us via telephone at (212) 527-8340 and/or via e-mail at [lperetzman@northstarcapitalfunds.com](mailto:lperetzman@northstarcapitalfunds.com). This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about NorthStar Capital Funds, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

NorthStar Capital Funds, LLC  
845 Third Avenue, 17<sup>th</sup> Floor  
New York, N.Y. 10022  
Tel: (212) 527-8340  
Fax: (212) 527-8301  
[www.northstarcapitalfunds.com](http://www.northstarcapitalfunds.com)

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in August 2000 and has been registered with the SEC since February 2006. The Adviser's principal owners are Michael P. Zucker and Lawrence S. Freitag and they each own 50% of the Adviser.

The Adviser currently provides advisory services on a discretionary basis to a private pooled investment vehicle client that is intended for sophisticated investors and institutional investors (the "Fund" or the "client"). The Adviser's advisory services focus on long/short equity investments within the growth sectors of the economy, with a current emphasis on technology, telecommunications, media and alternative energy. The Adviser provides advice to the Fund in accordance with its investment objectives and strategy as set forth in its offering memorandum. The Adviser generally does not tailor advisory services to the individual needs of its clients. Clients may not impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2019 the Adviser had approximately \$54,203,000 of regulatory assets under management, all of which it managed on a discretionary basis.

#### **Item 5. Fees and Compensation**

The Adviser charges the client an investment management fee of 1.5% per annum based on the value of the client's assets under management. Investment management fees are charged each month in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of each month. If a new client account is established during a month or a client makes an addition to its account during a month, the investment management fee will be prorated for the number of days remaining in the month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a month, the fee payable to the Adviser will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the month in which the investment management arrangement was in effect or such amount was in the account. Under certain circumstances, these fees are negotiable. The investment management fees are generally deducted from the client account by client's administrator upon the Adviser's proper instructions.

The Adviser will also be paid a performance-based compensation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a client. The performance-based compensation is 20% per annum and is charged at the end of each fiscal year, provided that the performance-based compensation may be paid on amounts withdrawn on any date other than the end of a fiscal year. Under certain circumstances, this compensation is negotiable.

In addition to paying investment management fees and performance-based compensation, client accounts will also be subject to certain other investment expenses in accordance with their respective governing documents, including, without limitation, commissions and related costs, interest expenses, certain governmental charges, accounting and legal fees.

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

An affiliate of the Adviser is paid performance-based compensation from the Fund. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangement. When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple client accounts, including client accounts with multiple fee arrangements, and the allocation of investment opportunities. To the extent the Adviser manages multiple client accounts, the Adviser will review investment decisions to ensure that all accounts with substantially similar investment objectives are treated equitably. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair allocation among client accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

#### **Item 7. Types of Clients**

Currently, the Adviser's sole client is the Fund, a private pooled investment vehicle intended for sophisticated investors and institutional investors. Any initial and additional subscription minimums are disclosed in the Fund's offering memorandum and are subject to waiver by the Adviser in its sole discretion.

#### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis, cyclical analysis as well as technical analytical tools and approaches.

The Adviser employs the following investment strategies:

*Equity:* The Adviser's equity strategy focuses on a broad range of equity investment styles, including growth, core and value, as well as portfolios designed to be "style-neutral". The Adviser seeks investment opportunities on the various levels of the capitalization scale (i.e., micro-cap, small-cap, mid-cap and large-cap).

*Growth:* The Adviser engages in a capital growth investment strategy. Pursuant to such strategy, the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

*Hedging:* The Adviser utilizes a variety of financial instruments for risk management purposes, such as options and exchange-traded funds ("ETF's").

*Leverage:* Although the Adviser does not currently intend to utilize leverage, the Adviser may utilize leverage in the future. Leverage includes the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments.

*Options Trading:* The Adviser engages in various option trading investment strategies. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages in the following types of option trading strategies: calls and puts.

*Short Selling:* The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities (ii) in order to maintain flexibility and (iii) for profit.

These strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks. Prospective and existing Fund investors should refer to the Fund's offering memorandum for a further discussion of the applicable risks.

*Hedging:* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

*Leverage:* Performance may be more volatile if a client's account employs leverage. The Adviser does not currently intend to utilize leverage.

*Short Selling Risk:* The Adviser's investment program includes short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Risks associated with the types of investments that are primarily recommended (including significant, or unusual risks) are set forth below.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Small Cap Securities.* The Adviser may invest in smaller-to-medium sized companies of a less seasoned nature. These securities often involve significantly greater risks than the securities of larger, better-known companies, including reduced liquidity, potentially making it more difficult for the Adviser to exit a position in any such company.

*Technology Industry Related Risks.* The Adviser may invest in technology and technology-related markets (e.g., media and telecommunications). Certain technology and technology-related companies allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, such companies could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories.

As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many companies with proprietary technology rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which the Adviser invests. Conversely, other companies may make infringement claims against a company in which the Adviser invests, which could have a material adverse effect on such company.

The markets in which many technology and technology-related companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which the Adviser invests will successfully penetrate their markets or establish or maintain competitive advantages.

*ETFs.* In order to hedge positions or enhance returns, the Adviser may make significant investments in the securities of narrow or broad-based ETFs in different asset classes and sectors. ETFs represent interests in (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad-based securities indices (such as the S&P 500 or NASDAQ 100) or (ii) “baskets” of industry-specific securities. ETFs are traded on an exchange and, like shares of common stock, the value of ETF securities fluctuates in relation to changes in the value of its underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the pro rata value of its underlying portfolio of securities. ETFs are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.]

*Cybersecurity Risk.* The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser 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 the operations of the Adviser or its clients account and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

***Risk Management Failures.*** Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

***Systems and Operational Risk.*** The Adviser relies heavily on certain financial accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

***Dependence on Service Providers.*** The Fund is dependent upon its counterparties and the businesses that are not controlled by the Adviser that provide services to the Fund (the "Service Providers"). Examples of Service Providers include a Fund's administrator, prime brokers, custodians, legal counsel and auditor. Errors are inherent in the business and operations of any business, and although the Advisor will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers that it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Fund and the investors' investments therein.

As the Fund has no employees, the Fund is reliant on the performance of the Service Providers. Each investor's relationship in respect of its investments in the Fund is with the Fund only. Accordingly, absent a direct contractual claim between the investor and the relevant Service Provider, no investor will have any contractual claim against any Service Provider for any reason related to its services to the relevant Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant Service Provider is, prima facie, the Fund.

## **Item 9. Disciplinary Information**

While serving as head trader of Oppenheimer's equity trading desk, Mr. Zucker was responsible for trading securities on the New York Stock Exchange ("NYSE") for the firm's account. On April 8<sup>th</sup> and 9<sup>th</sup> of 1998, Mr. Zucker authorized the purchase of some securities for the firm account. Shortly thereafter, he authorized their sale in order to mitigate potential losses for the firm. These trades were all sanctioned by the firm's compliance officers. Without admitting or denying any allegations, Mr. Zucker consented to findings by the NYSE hearing panel that he violated exchange rules by not adhering to just and equitable principles of trade insofar as his actions had the effect of creating an appearance of active trading in those securities.

On June 17, 2003, the NYSE hearing panel imposed a censure and a fine of \$45,000. (Exchange Hearing Panel Decision 03-119).

#### **Item 10. Other Financial Industry Activities and Affiliations**

This Item is not applicable.

#### **Item 11. Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable Federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Lee Peretzman (Chief Compliance Officer) by email at lperetzman@northstarcapitalfunds.com, or by telephone at 212-527-8340. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

The Adviser and its related persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes quarterly disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, the Adviser or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients. Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts:

The Adviser generally requires its related persons to pre-clear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients.

In addition, the Adviser's Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. Such restricted securities list includes, but is not limited to, all securities owned by a client. All of the Adviser's related persons are required to disclose their securities transactions on a monthly basis. All of the Adviser's related persons are also required to provide broker confirmations of each transaction in which they engage and a monthly certification of such transactions.



## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execute only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer, the Managing Member and Head Trader meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors. The Adviser currently executes trades, on a limited basis, with a Broker-Dealer that is owned and operated by an existing investor of one of its clients. Due to the favorable rates charged and the research that is received by the Adviser, this relationship is not deemed to be a conflict of interest.

The Adviser receives research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include but are not limited to services related to the execution, clearing and settlement of securities transactions and functions incidental thereto ( i.e. connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer the head trader and Managing Member meet periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services. During the Adviser's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), the Adviser and/or its related persons received certain financial newsletters and trade journals, data services, and software.

The Adviser may in the future purchase or sell the same security for multiple clients contemporaneously and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. The Adviser will also aggregate in the same transaction, the same securities

for accounts where the Adviser has brokerage discretion. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated among participating client on a pro rata basis, based on order size.

#### **Item 13. Review of Accounts**

The Fund's portfolio is reviewed by the managing members of the Adviser on a daily basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each account. Everyday a daily performance worksheet is prepared by the Adviser's Chief Financial Officer and reviewed by the managing members. The performance of each security as well as the Fund as a whole is reviewed. A report detailing long and short exposures is also prepared by the Adviser's Chief Financial Officer and reviewed by the managing members. The report details the long short exposures in total, by sectors, by industry, and by market cap. These reports are all reviewed by the managing members. Each month, investor statements are prepared and mailed and/or emailed to each Fund investor. These statements report the performance of each investor's capital account in the Fund. In addition to those statements, each investor is sent a quarterly letter describing the activity for the Fund for that quarter and for the year-to-date. Those letters also typically summarize what happened in the relevant quarter and the Adviser's general feelings on the market.

#### **Item 14. Client Referrals and Other Compensation**

The Adviser receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Please see Item 12 for further information on the Adviser's "soft-dollar" practices.

The Adviser has entered into a contract with AlphaSource Capital Securities, LLC, a firm that serves as an independent marketer for the Adviser. The Adviser makes cash payments to AlphaSource Capital Securities, LLC for client referrals. To the extent required under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), cash payments for client solicitations will be structured to comply fully with the requirements of Advisers Act Rule 206(4)-3 and related SEC staff interpretations.

#### **Item 15. Custody**

The Adviser is deemed to have custody of the Fund's assets. In addition, an affiliate of the Adviser is deemed to have custody of the Fund's assets due to serving as the Fund's general partner. The Adviser and such affiliate comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the pooled vehicle annual audit provision thereunder.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Fund. Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement that sets forth the scope of the Adviser's discretion. Unless otherwise instructed or directed

by a discretionary client, the Adviser has the authority to determine: (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines); and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerance, tax status and other criteria, there may be differences among clients in invested positions and securities held.

The Adviser participates in IPO's and secondary offerings. Allocations will be made among client accounts eligible to participate in initial public offerings (IPO's) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPO's or secondary offerings and a client's status as a "restricted person" under applicable regulations.

If a trade error occurs, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

To the extent the Adviser has authority, pursuant to the investment management agreement or other governing documents of a client account, to participate in class action claims (each, a "claim") it will do so on a case-by-case basis. Once the Adviser receives a Claim, the Adviser will determine whether any clients of the Adviser owned the security during the period covered by the Claim. Appropriate personnel of the Adviser will determine whether they agree with the basis of the Claim and whether or not to participate in the Claim depending upon: (i) the nature of the Claim; (ii) prospects for recovery; (iii) resources required to pursue the Claim; (iv) other relevant factors pertaining to the particular Claim; and (v) any other factors that the Adviser deems relevant. To the extent the Adviser receives proceeds from a Claim on behalf of a client, including a private fund, the Adviser's general policy is that only current clients or private fund investors at the time of receipt of the proceeds will participate in the proceeds.

#### **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of each client. In voting proxies, the Adviser votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. The Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Advisor's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Pooled investment vehicle clients of the Adviser are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Investors may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted proxies of a pooled investment vehicle by contacting Lee Peretzman, Chief Compliance Officer by email at lperetzman@northstarcapitalfunds.com, or by telephone at 212-527-8340.

**Item 18. Financial Information**

This Item is not applicable.

**Item 19. Requirements for State-Registered Advisers**

This Item is not applicable.

**Appendix: Item 2 Material Changes**

There have been no material changes made to the Brochure since the Adviser's last annual update, which was filed on March 28, 2019; however, the Adviser has made certain routine updates and clarifying changes to the Brochure.