



**Northland Securities, Inc.**  
**150 S. 5<sup>th</sup> Street, Suite 3300**  
**Minneapolis, MN 55402**  
**612-851-5900**  
**Member FINRA/SIPC**

[www.northlandsecurities.com](http://www.northlandsecurities.com)

This brochure provides information about the qualifications and business practices of Northland Asset Management, the investment advisory business line of Northland Securities, Inc. If you have any questions about the contents of this brochure, please contact us at 612-851-5900. 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. Registration with the SEC and/or state entities does not of itself imply a certain level of skill or training. This brochure meets requirements for disclosure as ADV Part 2A.

Additional information about Northland Asset Management may be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Effective: March 31, 2020  
Last update: March 08, 2019

## ITEM 2 – MATERIAL CHANGES

Northland Asset Management had no material change in their Investment Advisory business model since their last published brochure.

You will find the full brochure disclosure document at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view the document by searching that website for “Northland Asset Management”. You can also request a hardcopy by calling 612-851-5900.

## TABLE OF CONTENTS

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees.....	10
Item 7 – Types of Clients.....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 – Disciplinary Information.....	15
Item 10 – Financial Industry Activities and Affiliations.....	16
Item 11 – Code of Ethics.....	16
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19
Item 16 – Investment Discretion.....	19
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information.....	20
Item 19 – Requirements for State-Registered Adviser.....	21

## **ITEM 4 – ADVISORY BUSINESS**

### **Northland Asset Management Background and Ownership**

Northland Asset Management (Northland) is the trade name used by Northland Securities, Inc. for its investment advisory business. Northland Securities, Inc. (NSI) is a full-service broker dealer, headquartered in Minneapolis, MN. Since the company was organized in 2002, NSI has underwritten over \$10 billion of investment securities. Northland began offering investment advisory services in 2008. At the end of 2019, Northland manages client's assets totaling \$175,796,338, with regulatory assets under management of \$143,977,617. Northland Securities has approximately 152 employees, with investment sales offices in five states. Two of the five offices conduct investment advisory business.

Northland Securities, Inc. is privately held by Northland Capital Holdings, Inc. and ownership is comprised of employee owners and outside investors. The largest individual shareholder of Northland Capital Holdings, the parent firm, is Mr. Glen Taylor, a well-known Midwest business leader. Mr. Taylor is the only shareholder to have in excess of 25% of the firm ownership.

### **Type of Advisory Services Offered**

Northland provides discretionary and non-discretionary investment advisory services that typically involve individualized financial goal analysis, asset allocation, formulation of an investment strategy, assistance with implementation of the investment strategy, and ongoing review of performance measures for the strategy adopted. Reviews generally consist of comparisons between a client's portfolio and relevant benchmarks, an analysis of the portfolio's estimated annual income and current yield and an analysis of the client's realized and unrealized gains and losses. In addition, a review of the clients goals and investment objectives versus the performance and investments in the portfolio.

Northland offers a variety of approaches to investing, based on the individual needs of each client. We do not specialize in any particular investment strategy. Northland provides investment advice to individuals, trusts, corporations, and other business entities.

### **Tailoring Advice to Individual Clients**

Northland will custom tailor an investment portfolio specifically designed for the client based on the client's investment objectives and goals. The process begins when the client fills out a confidential Client Profile. The Client Profile will help the client to clarify financial objectives and goals, establish the client tolerance for risk, and identify the client's preferred style of management. The Client Profile is used by Northland as the primary reference for managing the client portfolio. The client may also indicate any special instructions or limits that the client requires Northland to follow in managing the client assets.

For portfolios that are managed in-house by Northland, the client may designate specific securities or industries that should be avoided. For accounts that are handled by Outside Managers, this is not

always possible. Clients should make their Northland investment adviser representative aware of any restrictions they would impose on investments in order for their representative to develop an appropriate investment strategy or select an Outside Manager who will agree to implement these requests.

Clients pay for Northland's advisory services based on a fee as a percentage of assets in the account. Most clients participate in a general wrap fee program in which the fee covers advisory services, trading and other transaction costs. Northland is paid a fee as a percentage of assets, but does not charge additional transactions costs beyond those disclosed in the individual programs. The Client Agreement, which is signed by each investor, specifies what portion of the fees goes to Northland, as well as what portion goes towards the services of an Outside Manager and Managed Program fees. Some Outside Managers who require funds to be held at a separate custodian could charge additional transaction fees. Clients should discuss their preferences regarding transaction fees with their Northland representative in order for their representative to choose a program that meets their specific needs.

### **Discretion**

It is the client's choice whether to allow discretionary trading in their accounts. If the client wishes to retain full discretion over the account, the investment advisor representative will provide investment advice, but the client makes all final decisions. The client may wish to work with an adviser and manager who they will allow to exercise full discretion in trading the client's account. Discretion may be exercised by an Outside Manager or by the Northland Investment Adviser Representative.

As of 12/31/2019, discretionary regulatory assets under management at Northland Asset Management were \$127,396,420 and non-discretionary regulatory assets under management were \$16,608,196.

## **ITEM 5 – FEES AND COMPENSATION**

### **Fee Schedules**

Northland charges an advisory fee calculated based on a percentage of the market value of assets under management (AUM) in the client's account on the last day of each calendar quarter. Generally, accounts are billed quarterly in advance, but may also be billed in arrears to assess the AUM fee to the quarter in which they are opened. When an account is opened or closed, the advisory fee will be pro-rated, omitted, or adjusted appropriately based on the number of days assets are under management. Clients agree to the billing rate and schedule before account(s) are opened. Clients may terminate the advisory contract without penalty within five (5) business days after entering into it. Northland's basic asset based fee schedules for Investment Advisory Services are shown below:

## **Northland Compass Managed Account Program**

### **Northland Compass Advisor Platform**

Northland Management Fee:	Up to <u>2.00% per annum maximum</u>
TOTAL FEES	Up to 2.00% plus custodial and rebillable fees

### **Northland Compass Consultant Platform**

#### **Lockwood Command Platform, Selected Third Party Outside Managers**

Northland Management Fee:	Up to 2.00% per annum maximum
Third Party Manager Fee (see below)	Up to 1.00% per annum maximum
Managed Program Fee (if applicable):	Up to <u>0.24% per annum maximum</u>
Total Asset Management Fees:	3.24% PER ANNUM plus custodial and rebillable fees

### **Managed Program Fee\* (when applicable):**

HOUSEHOLD	Basis points+
First \$100K	24
Next \$150K	22
Next \$250K	18
Next \$500K	14
Next \$1M	11
Next \$3M	8
Over \$5M	5

+Accounts will be subject to a quarterly minimum fee of \$8.75, assessed quarterly.

\*A tiered fee schedule is applied to the portfolio value, as the value reaches each threshold in the clients fee schedule table, the assets above each threshold are charged successively lower percentages. An Investment Program fee arrangement with Northland Asset Management's custodian is applied to the client's account and is included in the Total Asset Management Fee listed above. Our custodian will assess fees associated with services provided for the utilization of certain investment advisory platform(s) the client and advisor selected. The services may include performance reporting, clearance and execution costs, etc. The Program Manager portion of the Total Asset Management fee is subject to change based on the total household assets within Northland Asset Management (tiered fee schedule), generally will not exceed 24 basis points or 0.24% of assets, or an annual minimum of \$35, whichever amount is greater. Client(s) will absorb the increase or decrease in the Program Manager fee(s) due to asset level changes.

Rebillable items such as annual IRA maintenance fees, wire fees, etc., are not included as part of the management or program fees and will be paid by the client. Rebillable fees are outlined in the client

fee schedule and can also be found on the “Policies & Disclosures” page of the Northland Securities’ website (www.northlandsecurities.com) under “SEC RIA Program Disclosures.” If client assets are invested in mutual funds (including money market funds), exchange traded funds, unit investment trusts, annuities or similar investment vehicles, internal management expenses, 12b1 fees will be part of the overall fees that the client will bear. The fees associated with these products will be disclosed in the applicable product prospectus. Clients who invest in these types of investment products will therefore pay two levels of advisory fees on these assets, one to the firm managing the assets and one to the investment product’s advisor at the fund level. The pass-through cost from Northland Asset Management’s custodian for option trades is currently \$9 per trade, plus \$0.50 per contract, and will be paid by the client.

## **Northland Compass Consultant Platform**

### **Separately Managed Accounts (SMAs)**

In the SMA Command Program, Northland provides access to third party Portfolio Managers who manage accounts on a discretionary basis. Each Manager offers a specific style or strategy that Northland and the client may select. The fees associated with each Manager will be provided to the client and disclosed in Northland’s Client Agreement. The fees follow the Northland Compass Consultant platform listed in Item 5

### **Third Party Model Providers**

In the Third Party Model Provider Command Program, Northland provides access to asset allocation models created by Third Party Model Providers. Generally, these models allocate funds into a diversified mix of fixed income and/or equity market investments based on the client’s desired risk/return parameters, goals, risk tolerance, etc. The fees associated with each Manager will be provided to the client and disclosed in Northland’s Client Agreement. Additional expenses will be associated with specific instruments held, such as mutual fund and Exchange Traded Fund expense ratios. The fees follow the Northland Compass Consultant platform listed in Item 5.

**Lockwood WealthStart Portfolios** (“WealthStart”) is a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size that seeks to assist emerging and mass-affluent investors grow their wealth.

<b>Household Size</b>	<b>Lockwood WealthStart Portfolios Program Fee</b>	<b>Northland</b>	<b>Total</b>
First \$500,000	0.37%	1.0%	1.37%
Next \$500,000	0.33%	1.0%	1.33%
Over \$1,000,000	0.24%	1.0%	1.24%

**Lockwood/American Funds Core Portfolios** are a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size. Lockwood, serving as the Portfolio Manager, allocates investor assets systematically across multiple asset classes and styles using American Fund’s mutual funds and other select ETFs in a single account.

Household Size	Lockwood/American Funds Core Portfolios Program Fee	Northland	Total
First \$500,000	0.37%	1.0%	1.37%
Next \$500,000	0.33%	1.0%	1.33%
Over \$1,000,000	0.24%	1.0%	1.24%

**Lockwood Investment Strategies (“LIS”)** is a fixed, unified managed account product housed in a single portfolio. Five core models and four alternative models are available. Lockwood, serving as the Portfolio Manager, determines asset allocation and selects both third- party asset managers (“Sub-Advisers”) and specific investment vehicles based on its proprietary modeling strategies, and its economic outlook.

Household Size	Lockwood Investment Strategies (LIS) Program Fee	Northland	Total
First \$500,000	0.75%	1.00%	1.75%
Next \$500,000	0.55%	1.00%	1.65%
Next \$4,000,000	0.40%	0.85%	1.25%
Next \$5,000,000	0.35%	0.70%	1.00%
Over \$10,000,000	0.30%	0.55%	0.85%

**Lockwood Asset Allocation Portfolios (“LAAP”)** is a multi-discipline managed account product contained in a single portfolio. Lockwood, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for the portfolios, based on proprietary modeling strategies, economic outlook and investment research discipline.

Household Size	Lockwood Asset Allocation Portfolios (LAAP) Program Fee	Northland	Total
First \$500,000	0.40%	1.00%	1.40%
Next \$500,000	0.35%	1.00%	1.35%
Next \$4,000,000	0.30%	0.85%	1.15%
Next \$5,000,000	0.25%	0.70%	0.95%



Over \$10,000,000	0.20%	0.55%	0.75%
-------------------	-------	-------	-------

**Lockwood AdvisorFlex Portfolios™ (“AFP”)** is a flexible mutual fund and ETF wrap account product available in the Program. Lockwood is the Portfolio Manager of the AFP product.

Household Size	Lockwood AdvisorFLEX Portfolios (AFP) Program Fee	Northland	Total
First \$500,000	0.40%	1.00%	1.40%
Next \$500,000	0.35%	1.00%	1.35%
Next \$4,000,000	0.25%	0.85%	1.10%
Next \$5,000,000	0.25%	0.70%	0.95%
Over \$10,000,000	0.25%	0.55%	0.80%

### **Third Party Outside Managers**

Northland Asset Management currently has agreements in place with three outside managers that provide our clients with unique investment opportunities. These accounts are not held at Pershing, our custodian.

#### **Minneapolis Portfolio Management Group (MPMG)**

#### **Tealwood Asset Management**

#### **SEI**

Applicable management fees are outlined in the client agreement. Additionally, all clients will receive the applicable ADV documents relating to each outside manager upon solicitation and / or account opening. Maximum fees are:

Northland Management Fee:	2.00% per annum (maximum)
Third Party Manager Fee	<u>1.50% per annum (maximum)</u>
Total Asset Management Fees:	3.50% PER ANNUM plus applicable fees of selected custodian.

Additional expenses will be associated with specific instruments held, such as mutual fund and Exchange Traded Fund expense ratios.

---

Clients may have more than one account with Northland. For accounts that do not use a third party manager, the Outside Manager Fee will not be charged.

Fees charged by Northland may be negotiated and agreed to based upon factors such as the overall complexity of the client's financial affairs, the types of investments, and the number of investing entities. Fees paid to Northland do not include fees and expenses charged by independent third party managers for certain investments such as mutual funds, exchange traded funds, and/or other index-based investments selected by clients, nor any fees due to brokers or to custodians of those assets including those that are related to Northland. Either party may terminate the investment advisory agreement by written notice and will be effective upon receipt. Any fees that have been prepaid by the client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period for which fees have been prepaid.

Northland may provide financial planning or other advisory services on an hourly basis or based on a one-time charge for service, as agreed to by written agreement. Additional information regarding various options in the Wrap Fee Program can be found in Appendix 1. More information about brokerage fees can be found in Item 12 of this brochure.

Northland generally does not receive additional compensation for advisory accounts, other than from its basic fee. However, one exception involves the payment of due diligence fees or other fees from a product originator. An example of this would be a Real Estate Investment Trust that provides compensation to Northland to assist with costs in completing our due diligence on the product. Due diligence fees of this nature do not provide a significant source of revenue for the firm. Any fee of this type is fully disclosed in the product prospectus. Northland does not receive any 'soft dollar' benefits or other types of compensation that would be unknown to the client. If any additional fee or compensation is received by Northland, as a consequence of the advisory business, it is not used to offset or discount the client fees.

Investment Adviser Representatives at Northland receive compensation based on the amount of revenue they generate for the firm. They are rewarded for bringing clients to the firm and for increasing assets under management. While representatives are to serve the best interests of their clients, they are also motivated to receive personal compensation and to contribute to the profitability of the firm. A conflict of interest could occur if the representative or the firm promoted products and services based on a profit motive rather than service to the client. The primary way to address this potential conflict is through transparency of information regarding investment options and fees.

## **ITEM 6 – PERFORMANCE-BASED FEES**

Northland Asset Management does not charge performance based fees.

## **ITEM 7 –TYPES OF CLIENTS**

Northland provides investment advice to individuals, trusts, charitable organizations, corporations, and other business entities.

Northland's minimum account size is \$25,000. Certain Outside Managers may require investment minimums of \$100,000 or more. Smaller investment minimum may be accepted by Northland at its discretion.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Northland Compass Advisor Platform**

Northland as your Investment Advisor Representative provides discretionary and non-discretionary investment advisory services that typically involve individualized financial goal analysis, asset allocation, formulation of an investment strategy, assistance with implementation of the investment strategy, and ongoing review of performance measures for the strategy adopted. Reviews generally consist of comparisons between a client's portfolio and relevant benchmarks, an analysis of the portfolio's estimated annual income and current yield and an analysis of the client's realized and unrealized gains and losses.

### **Northland Compass Consultant Platforms**

Northland may utilize a variety of different managers to be able to provide the best opportunities for our clients. A Northland Investment Advisor Representative will evaluate a client's investment profile and will work with them to determine a strategy and manager that will help fulfill the client's investment goals.

Northland platform offer clients tailored options to meet their investment goals. In general, risk in client portfolios is reduced through diversification of investments. Entire markets and sectors can decline, and there can be no assurance that the client will not suffer a loss. By working closely with their Investment Adviser Representative, clients will develop portfolios that are designed to meet their needs and are adjusted for risk concerns.

\*\*\*\*\*

One platform that is available to our investors is through our relationship with Pershing, our Custodian and Lockwood Advisors. Northland's responsibility as Sponsor for these programs include gathering a full description of client financials, risk tolerance and investment objectives to assist in determining the suitability of the program that Northland and the client select. Northland will also facilitate account opening and continued monitoring of client financial situation and

investment objectives. The client will agree to provide discretionary authority to Lockwood to facilitate trading the clients selected portfolio and/or strategy.

Lockwood's range of investment offerings includes, but is not limited to the following:

- Separately Managed Accounts ("SMA") – Researched SMA managers and open architecture managers;
- Third Party Model Providers – Open architecture mutual fund and ETF models;
- Lockwood's WealthStart Portfolios – A turnkey mutual fund and ETF wrap product with a low minimum account size;
- The Lockwood/American Funds Core Portfolios – a mutual fund and ETF wrap product constructed using American Funds mutual funds;
- Lockwood Investment Strategies – A unified managed account ("UMA") product;
- Lockwood Asset Allocation Portfolios – A turnkey mutual fund and ETF wrap product;
- Lockwood AdvisorFlex Portfolios – A flexible mutual fund and exchange traded fund ("ETF") product;

## **1. Third Party Separately Managed Accounts**

Northland Asset Management has access to Managers through the Lockwood Managed Account Command program. These managers specialize in investment strategies that are expected to meet the client's goal. Northland Asset Management conducts due diligence on the Managers as part of the selection process to evaluate what Managers are best suited to meet our clients goals and objectives. Northland's Investment Advisor representatives make recommendations to each client, based on an individual suitability analysis. The selected Outside Manager is granted limited discretionary trading authority with respect to assets in the clients account(s), however the client and Northland retains final authority for the Manager selection. Based on the Manager policies, clients may have the option to restrict investment in their accounts, to avoid certain companies and/or industries. Disclosure of fees and costs will be specified in the client agreement, along with the standard fee schedule.

## **2. Third Party Model Providers**

Northland will make available to its client Third Party Model Portfolios, which are open architecture mutual fund and ETF models. These portfolio models and managers are available through an agreement between Northland, Lockwood and the Model Providers. The models are designed to invest assets according the selected model that the client and Northland believe will achieve certain objectives and investment goals.

Each Model consists of a unique asset class mix, each Model has a distinctive risk profile associated with it. Assets are invested in accordance with the clients investment objective and level of risk. Once the client has selected the Third Party Model Providers Models program, the account is invested in a

combination of some or all of the following investment products, pursuant to the Model you have selected: Equity or fixed income securities; ETFs; and mutual funds.

Lockwood is granted limited discretionary trading authority with respect to assets in the clients Third Party Model Providers Model account(s). The client and Northland retains final authority for the Third Party Model Providers and Model selections. Pursuant to its discretionary trading authority, Lockwood will invest the assets in the account according to the Model the client has selected. Lockwood will also periodically buy and sell securities in the account so that the assets owned are in line with the Model without receiving prior approval from the client. This process is known as “rebalancing.” Asset allocations will differ depending on the Model selected.

Once a particular Third Party Model Provider notifies Lockwood of model portfolio changes, Lockwood will make corresponding changes to the account. Lockwood reserves the right to not accept a particular change to a Model. For example, if a security is subject to a reasonable restriction imposed, Lockwood will not purchase that security for the account.

When a Third Party Model Provider makes model portfolio changes, the Third Party Model Providers may notify Lockwood after the Third Party Model Providers has bought and sold securities in its other clients’ accounts. As a result of the timing of Model change notifications and Lockwood’s processes, Third Party Model Providers may effect trades on behalf of their other clients’ accounts before Lockwood effects corresponding trades in your account. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by a Third Party Model Provider, you may be at a disadvantage when compared to the Third Party Model Provider’s other clients with respect to the timing of the trades.

Third Party Model Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for the client specifically. Notwithstanding the foregoing, the client and Northland may wish to review each Third Party Model Provider’s ADV Part 2A or alternative disclosure document for more information regarding a Third Party Model Provider.

### **3. Lockwood WealthStart Portfolios**

Lockwood WealthStart Portfolios allow advisors and their clients access to multi-manager solutions and strategies. With this solution, advisors will be able to assist clients in growing their wealth. Investors have access to mutual fund and / or exchange traded fund accounts that allocates client assets across multiple asset classes and styles, and bundles them into one single account. Lockwood is the Discretionary Portfolio Manager for WealthStart. Northland is the Sponsor of the program

The minimum account size is \$10,000, with minimum subsequent investment of \$1,000 each.

#### **4. Lockwood/American Funds Core Portfolios**

The Lockwood/American Funds Core Portfolios are a discretionary mutual fund and ETF wrap account product with a \$10,000 minimum account size. Lockwood, serving as the Portfolio Manager, allocates investor assets systematically across multiple asset classes and styles using American Funds mutual funds and other select ETFs in a single account. Lockwood determines the asset allocation strategy and selects investment vehicles for each investment style in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. Lockwood is solely responsible for the fund selection and construction of the Lockwood/American Funds Core Portfolios and neither American Funds Distributors, Inc. or its affiliates are involved in such activities, nor do American Funds Distributors, Inc. or its affiliates serve as investment adviser to client accounts. The Lockwood/American Funds Core Portfolios consist of three models designed to align with key stages of the investor lifecycle, which may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities. Lockwood is the Discretionary Portfolio Manager for the Lockwood/American Funds Core Portfolios. Northland is the Sponsor of the program

#### **5. Lockwood Investment Strategies (LIS)**

LIS is a discretionary, multi-discipline managed account product contained in a single portfolio. There are five (5) core models, which span the risk/return spectrum from current income to growth. You may also choose from four (4) additional models, which include exposure to non-traditional asset classes, as described more fully below. Lockwood, serving as the Portfolio Manager, determines the Sub-Advisers and specific investment vehicles based on its proprietary modeling strategies, and its economic outlook. Lockwood is the Discretionary Portfolio Manager for Lockwood Investment Strategies. Northland is the Sponsor of the program

#### **6. Lockwood Asset Allocation Portfolios (LAAP)**

LAAP is a discretionary, multi-discipline managed account product contained in a single portfolio. Lockwood, serving as the Portfolio Manager, determines the asset allocation strategy and selects investment vehicles in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. LAAP offers 5 traditional, risk-based portfolios. Lockwood is the Discretionary Portfolio Manager for LAAP. Northland is the Sponsor of the program.

## **7. Lockwood AdvisorFlex Portfolios (AFP)**

AFP is a flexible multi-manager ETF/mutual fund wrap account product managed by Lockwood. Thirty-two objectives-based portfolios, sixteen tax aware and sixteen traditional, target mass-affluent to high-net-worth investors with solutions for all phases of the investor life cycle. The portfolios provide investors with asset allocations based on Lockwood's capital markets views, while allowing advisors the flexibility to select from a diverse universe of investments researched by Lockwood. Lockwood is the Discretionary Portfolio Manager for AdvisorFlex Portfolios. Northland is the Sponsor of the program

\*\*\*\*\*

The second consultant platform that is available to our investors is our relationships with strategic outside third party managers. Currently those managers are:

### **1. Minneapolis Portfolio Management Group (MPMG)**

- MPMG invests in both domestic and international small, mid and large-cap equity securities.

### **2. Tealwood Asset Management**

- Tealwood Investments have multiple strategies that are available to investors based on their investment objectives.

### **3. SEI Investments**

- SEI is a global asset manager that provides diversified portfolios and strategies across equity, fixed income and alternative investments.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Northland Securities does not have any criminal history nor has the Firm been subject to any civil litigation or administrative proceedings. However, Northland Securities has been subject to disciplinary action due to some inaccurate books and records in relation to equity trading and investment banking activity. The Firm also was subject to an enforcement action for the Municipal Continuing Disclosure review. We do not believe these violations are of a material nature that reflects poor judgment on the part of Northland's investment adviser representatives nor the management team of the Firm.

A full description of these violations can be found in the Investors section of the Financial Industry Regulatory Authority's ("FINRA") web site by accessing their BrokerCheck® link, which can be found at: <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/> . Or you may request a copy of the disciplinary action from your Investment Adviser Representative or by sending a request to the following address:

Northland Securities, Inc.  
Attn: Compliance  
150 South 5<sup>th</sup> Street  
Suite 3300  
Minneapolis, MN 55402

## **ITEM 10 – FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Northland Asset Management is the trade name for the investment advisory business line of Northland Securities, Inc. Northland Securities, Inc. is a full-service broker dealer and member of FINRA/SIPC. Potential conflicts of interest occur when principal trades are conducted in RIA accounts. Procedures to protect clients from this conflict of interest are described in Item 12.

Northland at times recommends the purchase of non-traded Real Estate Investment Trusts that pay a due diligence fee to the firm. When non-traded REITS are purchased in RIA accounts, the REIT will be specifically designed for wrap accounts; it will have an annual fee, rather than an up-front commission charge.

Beyond its broker dealer activities, Northland is not involved in other outside business, and is not aware of any business relationship conflicts of interest.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS & PERSONAL TRADING**

Northland has established a standard of conduct for its advisory personnel, which is outlined in the Northland Asset Management Code of Ethics. The Code outlines our way of doing business, which is to serve our clients with honesty, integrity and competence. The Code addresses areas where a conflict of interest may arise, and provides guidance in these areas. Some conflicts of interest arise from the personal trading of the advisory personnel. Northland has put in place the following restrictions in order to ensure its fiduciary responsibilities:

No associated person of Northland shall put his or her own interest ahead of an advisory client. Investment opportunities must be offered first to clients before Northland or its associated persons may participate in such transactions;

Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public upon reasonable inquiry;



Northland and its employees will not participate in private placements or initial public offerings (IPOs) without prior approval from Northland's senior management;

Northland requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices;

Records will be maintained of all securities bought or sold by Northland and its associated persons. A qualified representative of Northland will review these records on a regular basis;

Any individual not in observance of the above may be subject to disciplinary action up to and including termination;

The full text of Northland's Code of Ethics is available to you upon request.

## **ITEM 12 – BROKERAGE PRACTICES**

Northland Securities, Inc. is a broker dealer as well as a registered investment advisor, and is actively engaged in buying and selling securities for its own account as well as for clients. (Northland Securities, Inc., a full service broker dealer, does its investment advisory business as Northland Asset Management.) The firm has a responsibility to all of its clients to operate in an ethical manner.

Northland recognizes its fiduciary responsibilities to its advisory clients. Northland primarily routes all trades for advisory clients to Pershing (our custodian) for trade execution. We must execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable under the circumstances. Best execution does not necessarily mean the lowest available price. It is important to understand that Northland only uses a single custodian, as such the firm cannot choose between custodians to obtain the least clearing and execution costs so consequently the client could be paying more per transaction. In very limited circumstances, trades are routed to Northland Securities equity trading desk for execution, and that would only be in circumstances where a large trade over 10,000 shares would require execution. In those circumstances the client could pay higher costs for execution, but Northland feels the client would receive a more favorable execution versus sending it via Pershing's trading system for execution. We have determined that having Pershing execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including products and services available through our custodian to assist us in managing and administering our client's accounts. The custodian makes available software and other technology that provide access to client account data, facilitates trade execution for client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Northland Asset Management does not receive any 'soft dollar' compensation from any third party. Northland does not receive any referral fees from broker dealers for directed brokerage. Policies for

order aggregation would generally follow the procedures of Outside Managers. Northland internal account management is not of a volume to necessitate aggregation procedures.

We may utilize cross trades for securities that are hard to purchase or sell in the open market (ie small bond lots or thinly traded stocks or bonds). Cross trades will be done through Northland Securities trading desk at current bid/ask pricing. Northland Asset Management or Northland Securities will receive no compensation for these trades. Written client notification will be provided in these limited circumstances.

There are other fees that Northland will mark up from what the clearing firm charges. These are marked up to defray Northland's processing costs. Those fees are outlined and identified in the fee schedule that is provided at account opening, and on Northland's public website.

Northland charges up to \$140.00 (dependent on account type) termination fee when clients transfer their accounts to another investment advisory firm.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Client accounts are monitored on a continuous basis by a designated principal. All accounts handled by Northland Asset Management are under ongoing supervision. When a client opens an account, a supervisor reviews the new account forms, including the investment objectives and risk parameters of the account. Actimize, an electronic system, is used to monitor trades for suitability and to monitor accounts for changes in value. On a daily basis, account activity is reviewed as part of the general review of trades at the firm. On no less than an annual review basis, a supervisor reviews the performance reports for accounts. The firm has procedures to review for appropriate share class in Mutual Fund products. If an exception is identified during a quarterly review, the firm will take steps to remediate if necessary. Remediation could include a conversion to a different share class, or refund or rebate of compensation (if deemed material) received by the firm and the investment advisor. A supplemental review is conducted by the Chief Compliance Officer or delegate as part of the inspection process.

Clients or their independent representatives are provided with a statement from the custodian holding the client's funds/securities at least quarterly and may be provided with a monthly written report generated by Northland, showing client holdings.

Investment advice may only be rendered by qualified investment advisory professionals who have been approved by Northland. Generally, a college degree and/or equivalent business experience is required for investment advisory professionals, other than those performing clerical or ministerial services. Most states require licensing.

The independent custodian provides clients with a statement (at least quarterly) identifying the amount of funds and of each security in their accounts at the end of the reporting period and setting

forth all transactions in the account during the reporting period. Northland also makes various reports and quarterly performance evaluations accessible to its clients.

**Trade Confirmations:** Individual trade confirmations and reports of account activity will be provided by the custodian. Northland will generally communicate with its clients via letters, market up-dates and other Northland generated literature.

Under circumstances where the client has expressly consented, client correspondence and notifications may be sent via electronic means (such as e-mail). In addition, when an outside manager is selected, the client may choose suppression of confirmations on the Client Agreement.

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Northland does pay compensation for referrals. Northland currently engages two individual solicitors. An agreement between the solicitors and Northland are in place. The relationship is disclosed to the client by Northland and the Solicitor. Disclosed information given to the client includes the existence of a solicitor agreement and the compensation the solicitor is paid. If a solicitor agreement is utilized, a written attestation from the client is required attesting to the fact that the client understands the relationship between Northland and the solicitor. Northland does have policies and procedures in place to conduct and supervise this activity.

#### **ITEM 15 – CUSTODY**

Northland does not and will not have custody of client funds or securities, excepting payment of fees in advance as described in this brochure.

To help the firm provide accurate and timely management of the client's invested assets, the client will be asked to establish a custodial account with our designated custodian, Pershing, LLC, with whom Northland Securities, Inc. has a fully-disclosed clearing relationship. Northland only uses a single custodian, as such the firm cannot choose between custodians to obtain the least clearing and execution costs so consequently the client could pay more per transaction

Third party managed accounts may have other custodial relationships dependent on the relationship the client chooses to select. The custodian maintains the underlying records for the assets held in the account. Northland does not serve as the custodian for those clients' managed assets. The client is solely responsible for paying all the fees and charges of the custodian as stated in the third party agreement with the custodian.

Northland strives to maintain the account data as accurately as possible; however, the firm must rely on accurate reporting provided to it by the custodian through electronic or other means. Northland is not responsible for inaccurate data provided by a custodian. Clients are requested to promptly submit to Northland in writing any changes to the Client Profile, or any changes to any information

that was provided to the firm regarding management of the client assets. Maintaining proper records and documentation regarding each account is vitally important.

## **ITEM 16 – INVESTMENT DISCRETION**

In order for Northland to actively manage client assets, the firm prefers that clients provide it with discretionary trading authority. This allows Northland or the selected Outside Manager to buy or sell securities, as well as specify the amount of securities to invest, without first obtaining the client's specific consent. This authority is limited to the transfer or exchange of your funds between securities and asset classes agreed to by you in accordance with the investment management service selected by you. For assets held by a designated custodian, firm discretion extends to the transfer or exchange from one fund family to another so long as it is done at net asset value (NAV) and no commissions are generated. In cases where Northland determines the broker or dealer to be used, the firm will seek to obtain the best execution possible under the circumstances. This discretionary authority in no way restricts clients, from establishing special limitations on the types of investments that may be recommended or made on the client's behalf. Clients may send Northland specific written instruction at any time regarding securities that may be purchased or sold, and may also instruct the firm not to purchase specific securities or types of securities. If Northland is unable to accommodate client requests for any reason, the Investment Advisor Representative will notify the client promptly.

Upon termination of the Firm's investment management services, Northland has no obligation or authority to recommend or take any action with regard to the previously managed assets.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Northland does not vote proxies for clients, and does not provide advice to clients about how to vote proxies. Clients retain the authority to vote proxies, and will be required to ensure that proxy materials are sent directly to them, except as noted in the following paragraphs.

If client is a tax-qualified retirement plan subject to ERISA, an Outside Manager is engaged, the Outside Manager can be responsible for voting proxies; however, each client may opt to retain such proxy voting rights. With respect to clients which are not governed by ERISA, each client may either retain the right to vote proxies or delegate such authority to each Outside Manager. The proxy delegation must be evidenced in writing, and may be rescinded based on a written request from the client.

## **ITEM 18 – FINANCIAL INFORMATION**

The parent company of Northland Securities, Inc. is Northland Capital Holdings. We are a privately held company and our financial information is not made available to the public. Advisory firms who do not require payment of fees six months or more in advance are not required to furnish a balance

sheet to clients. Northland requires payment of fees monthly and quarterly in advance, so a balance sheet need not be provided.

#### **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This is not applicable to Northland Asset Management.