



**ADV2 APPENDIX 1  
WRAP FEE PROGRAM BROCHURE**

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Member FINRA/SIPC**

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This wrap fee program brochure provides information about the qualifications and business practices of Northland Asset Management. 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 ADV2 Appendix 1.

Northland Securities, Inc. does its Registered Investment Advisory business as Northland Asset Management.

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 September 8, 2020  
Last update: March 31, 2020

**ITEM 1 - COVER PAGE**

## ITEM 2 – MATERIAL CHANGES

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

### **Northland Asset Management Model Strategies**

In the Northland Asset Management Model Strategy Program, Northland provides asset allocation models designed to allocate funds into a diversified mix of fixed income and/or equity market investments. With every model, the mix affects the volatility and performance of your portfolio. Each model mix adjusts the equity to fixed income ratio going from 100% Equity/0% Fixed Income to 50% Equity/50% Fixed Income. The allocation may be adjusted to allow for a 10% inclusion of mutual funds which primarily invest in alternative asset classes. The fees 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 below in Item 4.

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.

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## ITEM 4 - SERVICES, FEES AND COMPENSATION

Northland Asset Management is a Registered Investment Advisor offering portfolio management solutions primarily to individuals. Northland Investment Advisor Representatives (IARs) work with clients to understand their investment goals, time horizons, tax status, need for liquidity, and other factors. They also assist the client in understanding the risks and rewards associated with different market types and sectors, and assist them in developing portfolios that will help to achieve their goals, within the appropriate risk constraints. Portfolios may be made up entirely of equities or fixed income investments, or they may include a combination of securities, as well as mutual funds, real estate investment trusts, options and alternative investments.

Clients who have a wrap fee account pay one fee that covers investment advice as well as transaction costs. Additional fees are charged for custodial services, such as an annual IRA custodial fee. Some products, such as mutual funds, may have additional fees and expenses within the product structure. In these cases, every effort is made to select products with minimal internal fees.

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. Clients have several options for portfolio management solutions; a brief summary is given 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**

#### **Northland Asset Management Model Strategy Program**

Northland Management Fee:	Up to 2.00% per annum (maximum)
Custodian Program Fee:	Up to 0.12% per annum
TOTAL FEES:	Up to 2.12% PER ANNUM

**Northland Asset Management Model Strategy Custodian Program Fee (if applicable):**

HOUSEHOLD	Basis points+
First \$100K	12
Next \$150K	11
Next \$250K	9
Next \$500K	7
Next \$1M	5.5
Next \$3M	4
Over \$5M	2.5

The Custodian Program fee arrangement with Northland Asset Management's custodian is applied to client's account and is included in the Total Asset Management Fee listed above. The Custodian will assess fees associated with services provided for the utilization of the investment advisory platform you and your advisor selected. Northland Asset Management will apply a 1 – 3 basis point mark-up to the custodian fee, that is considered revenue to the firm. The services covered by the custodian fee include performance reporting, clearance and execution costs, and billing services. The Custodian program fee portion of the Total Asset Management fee is subject to change based on the total household assets within Northland Asset Management, but will not exceed 12 basis points or 0.12% of assets. Client(s) will absorb the increase or decrease in the custodian program fee(s) due to asset level changes.

**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
Custodian Program Fee (if applicable):	Up to <u>0.24% per annum</u> maximum
Total Asset Management Fees:	3.24% PER ANNUM plus custodial and rebillable fees

**Third Party Manager Custodian 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](http://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.

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## **Northland Compass Consultant Platform**

### **Northland Asset Management Model Strategies**

In the Northland Asset Management Model Strategy Program, Northland provides asset allocation models designed to allocate funds into a diversified mix of fixed income and/or equity market investments. The allocation may be adjusted to allow for a 10% inclusion of mutual funds which primarily invest in alternative asset classes. With every model, the mix affects the volatility and performance of your portfolio. Each model mix adjusts the equity to fixed income ratio going from 100% Equity/0% Fixed Income to 50% Equity/50% Fixed Income. The fees 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 above.

### **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 above.

### **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 Item 4.

**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.

<b>Household Size</b>	<b>Lockwood/American Funds Core 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 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.

<b>Household Size</b>	<b>Lockwood Investment Strategies (LIS) Program Fee</b>	<b>Northland</b>	<b>Total</b>
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.

<b>Household Size</b>	<b>Lockwood Asset Allocation Portfolios (LAAP) Program Fee</b>	<b>Northland</b>	<b>Total</b>
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.

<b>Household Size</b>	<b>Lockwood AdvisorFLEX Portfolios (AFP) Program Fee</b>	<b>Northland</b>	<b>Total</b>
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%



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## **ITEM 5 - ACCOUNT REQUIREMENTS AND 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 have minimums of \$100,000 or more. Smaller accounts may be accepted by Northland at its discretion.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

Northland's review of portfolio Managers begins with a selection of firms that are available through its clearing firm, Pershing LLC. From this list, the Northland RIA Management Committee selects a diverse group of Managers reflecting both general and specific investment styles. The Managers are reviewed based on publicly available information, including company web sites and Morningstar Reports. Clients, based on consultation with their IAR, select a Manager or Managers from this list. They may also select a particular management style, when available.

A Northland principal reviews performance of the outside Managers for each account on a regular basis, generally quarterly and no less than annually. A quarterly report is provided to the client and the IAR, showing performance against an established benchmark. On a regular basis, performance reports are compared against client account statements, to verify accuracy of holdings and values.

If the client or the IAR is unsatisfied with the Outside Manager performance, or if the client's goals or strategies have changed, the IAR notifies a Northland Principal, and the change is initiated.

On an annual basis, the Northland RIA Management Committee reviews Portfolio Managers that are currently being used or actively recommended to clients. Changes to the list are made annually, unless a specific situation requires earlier attention.

At times, IARs and clients may choose to work with a Manager who is not currently available on the Northland platform. To accommodate this request, the Northland RIA Management Committee performs due diligence on the Manager and when appropriate contacts Pershing to add them to our program. Occasionally, a Manager is not available through Pershing, and client accounts may be held with a separate custodian.

The wrap programs are offered through Outside Managers. Wrap accounts (all fees bundled) may be provided by Northland IARs.

Northland does not collect performance based fees and does not vote for clients by proxy. Outside Managers may vote proxies for clients who give approval for this on their Client Services Agreement.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Northland collects a broad range of client information in order to make suitable investment recommendations to clients. This information includes income, net worth, investment experience, tax status, marital status, risk acceptance and investment objectives. Northland updates this information as client situations change.

Outside Managers are given information on the client amount of investment, liquidity needs, investment time horizon and any investment restrictions on either individual stocks or sectors. The Outside Manager is also given client identification information along client approvals regarding proxy voting and confirm or statement suppression.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Outside Managers generally are not available for discussions with individual clients. Some Managers may arrange for an individual consultation in a special situation, but this is highly unusual. Outside Managers communicate through publicly available information on their strategies and through individual account statements. Investment Adviser Representatives are available on a regular basis for review of the account activity and performance with the client.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **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

### **Other 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. Procedures to protect clients from this conflict of interest are described in Item 12 of Northland Asset Management's ADV Part 2A.

Northland at times recommends the purchase of non-traded Real Estate Investment Trusts that may 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.

### **Code of Ethics**

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 may 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 prefer his or her own interest to that 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 on reasonable inquiry;

Northland and its employees may not participate in private placements or initial public offerings (IPOs) without prior approval from Northland's designated supervisor;

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, its associated persons, and related entities. A qualified representative of Northland will review these records on a regular basis; and

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.

**Review of Accounts**

Client accounts are monitored on a continuous basis by a designated principal. A formal review is conducted by the Chief Compliance Officer or designee as part of the inspection process.

Clients or their investment representatives are provided with a statement from the custodian holding the Client's funds/securities at least quarterly. It sets forth all transactions in your account during the reporting period. Northland also makes quarterly performance evaluations available to its clients. Additional reviews may be provided at the Client's request, or upon material changes in the Client's financial condition or pursuant to the terms of the executed agreement for services.

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.

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 updates 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.

**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 require payment of fees six months or more in advance are required to furnish a balance sheet to clients. Northland requires payment of fees monthly and quarterly in advance, so a balance sheet is not required disclosure.

**Termination of Account Services**

Either party may terminate the investment advisory agreement by written notice and will be effective upon receipt. Any fees that may 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 as to which fees may have been prepaid.

**ITEM 10 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable