

NORTH FORTY TWO & CO.
FORM ADV PART 2A – FIRM BROCHURE

Item 1 – Cover Page



Est. 1998

201 B Avenue, Suite 270, Lake Oswego, OR 97034

Phone: (503) 417-2970

Fax: (503) 417-4224

Website: www.northfortytwo.com

E-mail: insight@northfortytwo.com

August 2, 2021

This Brochure provides information about the qualifications and business practices of North Forty Two & Co. ("North Forty Two"). If you have any questions about the contents of this Brochure, you may contact us by telephone at (503) 417-2970 or via email to insight@northfortytwo.com to obtain answers and additional information. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about North Forty Two is available on the SEC's website www.adviserinfo.sec.gov. The searchable IARD/CRD number for North Forty Two is 148417.

Please note that the use of the term "registered investment advisor" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and any Brochure Supplements for more information on the qualifications of our firm and our associated financial professionals.

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Item 2 – Material Changes

This Brochure reflects the following material changes from the prior version dated January 25, 2020:

- On August 2, 2021, we applied to transition from registration as an investment advisor registered with the State of Oregon to registration with the SEC on the basis of our status as a “large advisory firm” (*i.e.*, an advisory firm having regulatory assets under management of \$100,000,000 or more).
- Our Brochure has been amended at Item 7 to clarify that we require a minimum of \$250,000 in assets under management to commence an investment supervisory services relationship.

We have made other changes throughout this brochure for purposes of clarifying the nature of our services and fees and to enhance the overall readability and transparency of the disclosures contained herein. These changes are not material.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included with our firm brochure on the SEC’s website at www.adviserinfo.sec.gov. The searchable CRD number for the firm is set forth on the cover page of this Brochure. Clients will further be provided with disclosure about material changes effecting our firm or a new Brochure as may become necessary or appropriate at any time in the future, without charge.

Currently, our Brochure and any Brochure Supplements regarding our associated financial professionals may be requested by contacting us by telephone at (503) 417-2970 or via e-mail to insight@northfortytwo.com. A copy will be provided to you free of charge.

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Item 4 – Advisory Business

- A** About Our Firm. North Forty Two & Co. (“North Forty Two,” “we,” “us,” “our,” and “firm”) is an Oregon corporation registered as an investment advisor with the SEC as of 2021. From January 11, 2011 until our firm became registered with the SEC, we were registered as an investment advisor with the State of Oregon. We began conducting business in 1998 under the name William Ross & Associates, Inc., until a name change in 2016. The principal owner and advisor of our firm is William Ross, who controls 100% of North Forty Two. Our principal offices are located in Lake Oswego, Oregon.
- B C** Our Advisory Services. North Forty Two provides investment advisory and financial planning services through its investment advisor representatives (“IARs”). We create and manage client portfolios and provide investment advice that integrates the stated investment goals, objectives, and needs of each client. As used throughout this Brochure, the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

A summary of our investment advisory services and a description of how we tailor them to the needs of our clients is below.

INVESTMENT SUPERVISORY SERVICES:

We will select securities and implement the client’s investment portfolio on an ongoing basis in a manner designed to match the investment objectives stated by the client. We will consult with you at the inception of our relationship and periodically thereafter to gather information on your investment needs and objectives, investment time horizon, tolerance for investment risk, cash flow needs and expectations, and other factors we believe to be relevant to obtaining a thorough understanding of your overall financial circumstances. Based on this information, we will design, implement, and manage a portfolio of investments that is tailored to your unique investment needs within the accounts you designate, which may include taxable accounts and non-taxable accounts (such as individual retirement accounts and individual 401(k) accounts).

At your request, our services may also include periodic investment recommendations regarding assets which are “held away” from the accounts over which you elect to grant us discretionary trading authority (e.g., employer sponsored retirement accounts, qualified tuition plans, and certain insurance products). Unless we otherwise agree, you will be solely responsible for the implementation of our investment advice and the monitoring of all investments contained in such held away accounts.

Client portfolios are typically constructed using a diversified mix of some or all of the following investments: individual equity and debt securities, exchange-traded funds (“ETFs”), and mutual funds. Additional types of investments may be recommended based on your unique investment profile. As part of these services, at your request, we may also advise you regarding the disposition of any legacy assets held in your account at the inception of our relationship and any other investments you may wish to consider for inclusion in your portfolio. Please see Item 8 of this Brochure for more information on the types of investments we recommend to our clients.

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We follow the following general investment principles in managing client portfolios and providing other investment advisory services to our clients:

- Portfolios should emphasize high-quality securities issued by companies possessing financial strength and proven management.
- Valuation considerations should play an important role in determining when to purchase a particular security.
- A rising trend of earnings should play an important role in selecting securities for a portfolio.
- The basic characteristics of a company's business and that company's relation to its competitors are vital to the selection process.
- Fixed income securities should be on balance, of good quality and rating.
- Financial plans should be sculpted to suit the individual client's needs.

When you engage us for investment supervisory services you will typically be required to grant us ongoing and continuous discretionary authority to execute our investment recommendations within your accounts without obtaining your prior approval for each specific transaction. For more information on the scope of our discretionary authority, please see Item 16 of this Brochure. You are always able to place reasonable restrictions on our management of your account, such as restricting our ability to investment in certain specific securities or industries. Following our implementation of the desired portfolio, we will monitor the performance of your investments on an ongoing basis and implement changes within your account as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and your individual financial circumstances and goals.

FINANCIAL PLANNING:

North Forty Two provides focused financial planning services covering topics such as retirement and college planning, insurance, debt maintenance, cash management, tax strategies, estate planning, and others, as may be requested by the client. These services do not address all facets of financial planning and are available on either a recurring or a one-time basis, depending on client needs. We typically do not offer financial planning as a stand-alone service, rather, clients are offered the opportunity to engage us for these additional services as part of our rendering of investment supervisory services. Some clients are provided a written plan that includes a personal balance sheet and certain projections. All reports, financial statement projections, and analyses are intended exclusively for the client's use in developing and implementing their financial plan and will typically include a specific course of actions to be taken by the client with respect to the covered financial topic(s). For example, recommendations may be made that the client begin or revise certain investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education savings or charitable giving programs. The client is provided with a written summary of their financial situation, our observations, and financial planning recommendations.

In view of this limited purpose, the statements we produce should not be considered complete financial statements. Accordingly, clients are cautioned that such statements should not be used to obtain credit or for any purpose other than developing their personal financial plan. We will not audit (examine), review, or compile such statements and, accordingly we will not express an

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opinion or other form of assurance on them, including the reasonableness of assumptions and other data on which any prospective financial statements are based. It is likely that there will be differences between projected and actual results because events and circumstances frequently do not occur as expected and such differences may be material.

Our analyses will be highly dependent on certain economic assumptions that clients must make about the future. Therefore, another important step in the process is establishing each client's familiarity with historical data regarding key assumptions such as inflation and investment rates of return, as well as an understanding of how significantly these assumptions affect the results of our analyses. We may counsel clients as to the consistency of their assumptions with relevant historical data, but we will not express any assurance as to the accuracy or reasonableness of a client's specific data and assumptions. Clients are ultimately responsible for the assumptions and personal data upon which our procedures and projections are based.

You always maintain the sole discretion to accept or reject any of our financial planning recommendations, in whole or in part. Unless we otherwise agree in writing, the client is responsible for investment implementation and the ongoing monitoring of any investments held away from the accounts over which we are granted discretionary authority. The frequency of any reviews and updates of our financial planning recommendations will also be in accordance with the terms of a written advisory agreement we will enter with you prior to the commencement of our services.

NOTE: North Forty Two may provide investment advisory and financial planning services to clients that hold assets other than securities as investments, including investments that may be held away from the investment accounts over which we exercise discretionary authority (*i.e.*, insurance products, employer sponsored retirement accounts, 529 accounts, and the like). Accordingly, as part of the management of clients' assets, our financial professionals may make recommendations not involving securities. Clients are typically responsible for implementation and monitoring of investments held-away from the accounts designated for our investment supervisory services.

- D** Wrap Fee Programs. North Forty Two does not participate in or sponsor any wrap fee programs.
- E** Our Assets Under Management. North Forty Two manages \$119,528,316 of client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis. These amounts were calculated as of June 30, 2021.

Item 5 – Fees and Compensation

- A** Our Advisory Fees. The advisory fees you will pay to North Forty Two will be set forth in a written advisory agreement you will enter with our firm before the commencement of our services. All fees, including those for financial planning, investment supervisory services, and special financial consulting projects are negotiable and subject to adjustment at our sole discretion. We may amend the advisory fees we charge you from time to time in our sole discretion, however, any fee adjustments will only become effective upon 30 days' prior written notice to you.

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Our fees for investment supervisory services are charged as a percentage of the client's assets under management in accordance with the below fee schedule. These fees are typically not negotiable, except as indicated in the below fee schedule. However, we may maintain certain legacy fee arrangements with certain clients that differ materially from the fees described in this Brochure.

STANDARD FEE SCHEDULE

Assets Under Management	Annual Advisory Fee
\$0 - \$999,999	0.95% per year
\$1,000,000 - \$1,999,999	0.85% per year (beginning with first dollar)
\$2,000,000 - \$4,999,999	0.75% per year (beginning with first dollar)
\$5,000,000+	Negotiable

Our advisory fees will be charged to you quarterly in arrears and will be calculated based on the market value of your assets (including cash balances) under our management as of the last day of the calendar quarter. We rely on your independent custodian's determination of the market value of your account for purposes of calculating our fees. We will pro-rate these fees for any partial billing periods (based on the number of days services were provided) and for any mid-period additions and withdrawals from your accounts (based on the date of deposit or withdrawal). We may combine the market value of the accounts of your immediate family members at the end of each calendar quarter for purposes of determining the applicable annual fee rate to be charged.

- B** Our Payment Methods. We will typically directly deduct our investment supervisory fees from your account held at the custodian upon your written authorization for the same as contained in our client agreement and/or the account opening documentation of your custodian. We will liquidate money market shares or use cash balances from your account to pay our investment supervisory fees when due, however, if money market shares or cash value are not available other investments may be liquidated. Please note that unexpected or premature liquidation of investments to pay our fees may impair the performance of your account. In circumstances where direct deduction of our investment supervisory fees is not possible (for example, with respect to retirement plan accounts), we will instead send you a written invoice for our fees, delivered via mail or e-mail, as we may agree. Fees are due upon receipt and may be paid via check or another payment method that is mutually agreed with the client.

Confirmations of any transactions effected for your account will be sent, in conformity with applicable law, to the client with a copy to North Forty Two. You will also receive a monthly or quarterly account statement directly from the custodian of their account identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any fees paid directly to us. We encourage you to review the Custodian's account statements and compare them with any statements, reports, or invoices we provide to you carefully and promptly upon receipt. If you believe our fees have been miscalculated or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this Brochure.

- C** Additional Fees and Expenses. Our advisory fees cover the costs of our investment advice only. You will be separately responsible to pay all of the following additional costs (as applicable):

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transaction-based fees, commissions, and other charges traditionally paid to brokers in connection with the execution of transactions within your account; custodial fees and charges, margin fees, taxes, wire transfer fees, reporting fees, and similar charges as set forth in the account opening documentation of your custodian; and all internal management fees and other costs and expenses associated with any mutual funds, ETFs, and other pooled investment vehicles bought, sold, and held within your account. To fully understand the total costs you will incur when engaging our services, you should review the prospectus of each mutual fund, ETF, and/or third party money manager investment program in which you participate and the contractual arrangement entered with the custodian of your account.

- D** Our Termination Policies. Our advisory services may be terminated at any time by either party on written notice to the non-terminating party. You may terminate your engagement of our firm within five (5) day of entering an advisory agreement with us, without cost or penalty. In the event of termination thereafter, where we are compensated by means of an asset-based fee, you will pay us a pro-rated fee which is based upon the number of days services were provided during the terminating billing period. Where we are compensated based on hourly fees, you will pay us all earned but unpaid hourly fees owed as of the date of termination. We bill in arrears for all of our services. Therefore, we typically do not offer refunds of any fees once paid.
- E** Compensation for Sales of Securities and Insurance Products. North Forty Two is a fee-only advisor that does not receive any compensation from the sale of any securities, other investment products, or insurance products. We believe this arrangement reduces conflicts of interest and best aligns with our fiduciary duty to our clients.

Individual Retirement Account Rollover Disclosure. As part of our advisory services to you, we may recommend that you withdraw or “roll over” assets from an employer’s retirement plan to an individual retirement account (“IRA”) that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation, you are under no obligation to follow such advice. Alternatively, you may have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer’s new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.

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

North Forty Two does not charge any performance-based fees for its services, nor do we engage in side-by-side management of accounts. Accordingly, this item is not applicable to our firm.

Item 7 -Types of Clients

North Forty Two provides investment advice and portfolio management to individuals, the majority of whom are high net worth individuals, trusts, estates, charitable organizations, corporations and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of managing their account. This involvement does not need to overly time consuming,

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but we wish for our clients to feel a sense of involvement, knowledge, and peace of mind regarding the status of their investments as part of charting their overall financial future.

We typically require minimum account size of \$250,000 to commence an investment supervisory services relationship. We do not have any minimum annual fee requirements. We reserve the right to amend these policies on a per-client basis at our sole discretion.

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

A Our Methods of Analysis and Investment Strategies. We primarily offer advice regarding the following types of investments:

- Equity securities such as:
 - Exchange-listed securities
 - Securities traded over-the-counter
 - Foreign issuers
- ETFs
- Investment company securities (*e.g.*, mutual fund shares)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States government securities
- Real Estate Investment Trusts (REITs)

Clients are always able to place restrictions upon the types of securities or specific securities that we may purchase, sell, or hold in their accounts. These restrictions must be provided to us in writing. However, client's must be aware that any restrictions on our ability to manage their assets may have an effect upon the performance of the account.

North Forty Two will primarily research and review securities using traditional methods such as the following:

- Fundamental Analysis;
- Technical; and
- Cyclical analysis

The main sources of information we rely upon when researching and analyzing securities include traditional research materials such as financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, as well as subscription services and online services to compile relevant information on companies. We also subscribe to various professional publications deemed to be consistent and supportive of our investment philosophy.

The primary investment strategies used to implement investment advice given to clients include

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long-term purchases (securities held at least one year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), and margin transactions.

We use our best judgment and good faith efforts in rendering investment advice to our clients, acting in a fiduciary capacity. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

It is the responsibility of each client to provide us complete information and to notify us of any changes in financial circumstances or goals.

B Risks Associated With Our Analysis Methods and Investment Strategies.

- Risks Related to Our Analysis Methods: Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.
- Risks Related to a Long-Term Purchase Strategy: A risk in a long-term purchase strategy is that by holding the security for over a year, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.
- Risks Related to a Short-Term Purchase Strategy: A short-term purchase strategy poses risks should an anticipated price swing not materialize. We are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.
- Risks Related to a Trading Strategy: A trading strategy poses risks should the anticipated price swing not materialize. We are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. Active or more frequent trading may also result in less favorable tax

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treatment of capital gains and increased transaction-related costs.

C Summary of Investment Risks. While all investing involves risks, and losses can and will occur, we generally recommend a broad and diversified allocation of mutual funds and other securities intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments held in your account.

- **Risk of Loss:** Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.
- **Economic Risk:** The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.
- **Financial Risk:** Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron, or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.
- **Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (*e.g.*, earnings disappointment or downgrade in the rating of a bond) or general market risk (*e.g.*, a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past

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performance is not a guarantee of future returns.

- Securities Transactions at the Direction of Clients: Irrespective of any trading authority you may grant to us, you maintain the concurrent ability to direct transactions within your account held at the custodian. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.
- Interim Changes in Client Risk Tolerance and Financial Outlook: The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances. The lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a misaligned investment portfolio and the potential for losses or other negative financial consequences.

It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss any such changes.

Item 9 - Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary circumstance or event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

Item 10 - Other Financial Industry Activities and Affiliations

North Forty Two and its associated persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or representative of any of the foregoing.

Our associated persons have no financial industry activities or affiliations to report.

Except for certain benefits we may receive from our recommended broker-dealers as outlined in Item 12 of this Brochure, we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any third-parties. We will only recommend and refer third-parties to our clients when we believe such recommendations to be in the client's best interests.

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

- A Our Code of Ethics.** We subscribe to an ethical and high standard of conduct in all our business activities in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our clients' interests ahead of our own, along with duties of loyalty,

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fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

North Forty Two has adopted and implemented a written Code of Ethics (“Code”) that is designed to promote the fiduciary activities of the firm and prevent and detect violations of our policies, procedures, and applicable securities laws. If you would like to receive a copy of our Code, please contact us by telephone at (503) 417-2970 or via e-mail to insight@northfortytwo.com and a copy will be provided to you free of charge.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, our “access persons” to report their personal securities transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

- B – D** Material Interests in Securities Recommended to Clients. From time-to-time the interests of the principals and employees of North Forty Two may coincide with those of a client. Securities may be bought, held or sold by a principal or employee of North Forty Two that are also recommended to or being held by a client. If potential insider information is inadvertently provided or learned by a principal or employee, it is the policy of North Forty Two to strictly prohibit its use.

Personal Trading; Participation or Interest in Client Transactions. It is the policy of North Forty Two to permit its associated persons (including IARs) to buy, sell, and hold the same securities that we may also recommend to clients. It is possible that orders for proprietary accounts belonging to the firm or our associated persons (“Proprietary Accounts”) may be entered simultaneously (but typically only as part of a block trade) with or opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. We have no obligation to recommend for purchase or sale a security that North Forty Two, its principals, affiliates, employees or IARs may purchase, sell, or hold in any Proprietary Accounts. When a decision is made to liquidate a security from all applicable client accounts, priority would always be given to the client’s orders before those of a related or associated person to our firm.

Ultimately, the management of any Proprietary Accounts is subject to our Code and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts. We have procedures dealing with insider trading, employee related accounts, “front running” and other issues that may present a potential conflict when such purchase, sales or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect on clients of any such potential conflicts of interest.

Item 12 - Brokerage Practices

- A** Broker-Dealer Recommendations; Best Execution; Directed Brokerage; and Benefits Received from Recommended Custodians: North Forty Two typically recommends that clients engage the

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custodial and trade execution services of Charles Schwab & Co., Inc. (“Schwab”), an SEC registered broker-dealer and Member FINRA/SIPC. We may recommend other broker-dealers to clients in the future. We are not affiliated with Schwab and Schwab does not monitor or control the activities of our firm or our personnel. You are not obligated to engage any custodian recommended by North Forty, however, we may elect not to work with you if we determine that the custodian you have selected will be impractical or will otherwise impair our ability to manage your account.

In recommending broker-dealers, we have an obligation to seek the “best execution” of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. The criteria we consider for suggesting a broker/dealer include the reasonableness of their commissions and other costs of trading, ability to facilitate trades, access to client records, computer trading support, and other operational considerations. These factors will be reviewed from time to time to assure the best interests of the client are upheld.

The custodian(s) we recommend, including Schwab, typically provide us with access to institutional trading and operations services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as some minimum of amount of client assets are maintained at the custodian.

Schwab’s services to our firm include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to North Forty Two other products and services that benefit North Forty Two but may not benefit its clients’ accounts. Some of these other products and services assist North Forty Two in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from our clients’ accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of North Forty Two accounts, including those accounts not maintained at Schwab.

Schwab may also provide North Forty Two with other services intended to help North Forty Two manage and further develop its business enterprise. These services may include consulting, publications, and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

In addition, Schwab may make available, arrange, and/or pay for these types of services to North Forty Two by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to North Forty Two. The availability to North Forty Two of the foregoing products and services is not contingent upon our committing any specific amount of business (assets in custody

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or trading) to the Schwab.

Clients should be aware that the receipt of the economic benefits by North Forty Two described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence our recommendation of Schwab (or another custodian in the future) to our clients for custody and brokerage services. Other than the services and benefits described above, we do not recommend custodians or broker-dealers or direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

We do not process transactions through any particular custodian in return for referrals of new clients. It should be noted that similar services are available for higher and lower prices elsewhere in the financial services industry.

If a client directs us to execute securities transaction at a broker other than those we recommend (*i.e.*, client directed brokerage) the client will forgo any benefit from savings on execution costs that we may have obtained through our negotiation of volume discounts or batched orders. In directing the use of a particular broker or dealer, it should be understood that the firm will not have the authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. The client may incur higher commissions, other transactions costs or greater spreads, or receive less favorable net prices, on transaction for his or her account than would otherwise be the case had the client determined to effect transactions through alternative brokerage relationships generally available through the firm.

In the course of managing client portfolios, the firm may need access to special securities not available at Schwab (or another custodian chosen by the client). The firm may, after obtaining permission from the client, and the client executing a "Prime Brokerage Amendment" to their custodial agreement, execute securities transaction with other broker-dealers, away from the custodian originally chosen by the client. The client's assets are held by the custodian. The client will pay an additional fee per transaction for this service, typically \$25 but subject to the policies of the custodian chosen by the client.

- B** Trade Aggregation. We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for our other clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction and, in such event, we will advise the client in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to our clients.

North Forty Two may allocate securities among accounts when enough of a particular security(ies) cannot be purchased or sold on a given day at a desired price. In this event, we will allocate the shares actually purchased or sold on a pro rata basis. North Forty Two may remove small allocations from the process if, in our opinion, they would not be in the best interest of the client.

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Item 13 - Review of Accounts

- A** Account Review Policy. William Ross, the principal owner and advisor of our firm, is responsible for overseeing all investment advisory activities on a regular basis, including review of client accounts. As part of the account review process, North Forty Two makes appropriate recommendations as determined to be necessary to achieve a client's individual financial goals.
- Investment supervisory accounts are reviewed at least quarterly but may be reviewed more frequently, depending on individual client circumstances, investment needs, and/or requests for intermittent reviews. It is our practice to review investment supervisory accounts in consultation with the client at least annually.
 - For financial planning and other related services, the format and frequency of reviews will vary depending on what North Forty Two and the client agree to in the written financial planning agreement and/or in their initial and subsequent consultations.
- B** More Frequent Account Reviews. More frequent reviews of client portfolios and financial plans may be triggered by a change in the client's asset allocation away from the intended portfolio; changes in the client's investment results, objectives, and/or risk/return profile; tax considerations; significant account contributions and/or withdrawals; large sale or purchase transactions; security specific events; and/or changes in the economy more generally.
- C** Reporting to Clients. clients will receive standard account statements and trade confirmations from their custodian at least quarterly. We recommend that each client meet with William Ross at least annually to review both your portfolio and financial circumstances and needs. We will separately provide you with independently prepared written reports as you may reasonably request from time to time. The reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

Item 14 - Client Referrals and Other Compensation

- A** Economic Benefits Received. As detailed in Item 12 of this Brochure, the custodians we recommend to clients for custody and trade execution services may provide North Forty Two with research and other services that we may use to assist our efforts in the management of all client accounts, including client accounts that do not elect to utilize the recommended custodian.
- B** No Referral Arrangements. We have no arrangements, written or oral, under which we are compensated or our firm compensates any individuals or entities for referrals of clients.

Item 15 - Custody

Your funds and securities will be held in an account titled in your name and maintained at an independent qualified custodian of your choice with whom you will enter a separate arrangement for custody and trade execution services. Your custodian will be authorized to execute trades within your account upon our

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instruction, acting within the scope of the discretionary authority you grant us in our written advisory agreement and/or the custodian's account opening documents. Except for our ability to directly deduct our advisory fees and to disburse or transfer certain client funds pursuant to Standing Letters of Authorization ("SLOAs") executed at the option of the client, we will not maintain custody of any of your funds or securities or have the authority to obtain possession of them.

However, where you elect to grant us a SLOA over your account, North Forty Two will have custody of your assets and will follow the guidance and additional safeguards set forth in the SEC's no-action letter to the Investment Adviser Association dated February 21, 2017. A copy of that no-action letter can be viewed at the following link:

<https://www.sec.gov/divisions/investment/noaction/2017/investment-adviser-association-022117-206-4.htm>.

We shall have no liability to you for any loss or other harm to any property in your account, including any harm to any property in the account resulting from the insolvency of any custodian or any acts of the agents or employees of any custodian, whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by such custodian. Clients understand that the SIPC provides only limited protection for the loss of property held by a custodian.

Item 16 - Investment Discretion

As stated in Item 4 above, North Forty Two manages client accounts and assets on a fully discretionary basis. This means that we have the authority to determine, without obtaining specific client consent, the securities to be bought or sold for your account, the amount of securities to be bought or sold for your account, and the timing of transactions in your account. The only restrictions on the above discretionary authority are those set by a client on a case-by-case basis. In all cases, we shall only exercise our discretionary authority in strict accordance with your unique investment profile, objectives, needs, and restrictions. Any investment guidelines and restrictions you wish for us to follow must be provided to us in writing. Our discretionary authority is formalized in a written advisory agreement with the client.

Financial planning services are rendered on a non-discretionary basis. The client makes all ultimate investment decisions with respect to our financial planning recommendations.

Item 17 - Voting Client Securities

- A** North Forty Two does not vote proxies for securities held in client accounts, with the exception of certain Charles Schwab Trust Company accounts. In the case of accounts governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan trustee or other named fiduciary is specifically designated to vote the proxies for securities held by the plan.
- B** Except in the limited circumstances described above, we do not have or accept authority to vote client securities. Most clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

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Item 18 - Financial Information

- A** North Forty Two does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B** Advisors who have discretionary authority over client accounts, custody of client assets, or who require or solicit pre-payment of more than \$1,200 in fee per client, six months or more in advance, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. North Forty Two maintains discretionary authority over client funds and securities and may be deemed to have custody of client assets where the Client has elected to execute a SLOA. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.
- C** Neither North Forty Two has never been the subject of a bankruptcy proceeding.