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## ***ADV Part2A Appendix 1***

Effective: *February 24, 2021*

### **DISCLAIMER:**

This Wrap Fee Program Brochure provides information about the qualifications and investment advisory business practices of Northstar Financial Companies, Inc. (hereafter "Northstar"). If you have any questions about the contents of this Brochure, please contact us at 800-220-2161 or at [www.nstarfinco.com](http://www.nstarfinco.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about our firm is available on the SEC's website at [www.adviser.info.sec.gov](http://www.adviser.info.sec.gov) (the CRD number for Northstar is 119396).

**NOTE:** Please be aware that registration with the SEC does not imply a certain level of skill or training of any firm.

## MATERIAL CHANGES:

Material changes are any changes an average client would consider important to making an investment decision.

Since the last version of our Brochure, dated September 23, 2020 Northstar has made no material changes.

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## SERVICES, FEES AND COMPENSATION:

The Northstar Asset Management Program (the “Program”) is an investment advisory program sponsored by Northstar Financial Companies, Inc., a Registered Investment Adviser offering a variety of services, including comprehensive Financial Planning, Investment Management and other services under different service arrangements than those described herein.

### *Description of the Program*

The Program is offered as a wrap fee program, which provides clients with the ability to trade investment products without incurring separate commissions or transaction charges.

In a typical brokerage-only account, your relationship with the brokerage firm would be transactional, as you would pay the broker-dealer a commission or other security transaction fee for each transaction that covers the cost of execution, related services and incidental advice based on what the broker determines to be in your “best interest.” A broker is not a fiduciary to you.

In a fee plus commission investment account, you would pay an asset-based fee to Northstar and, if applicable, pay a separate commission or transaction fee to a broker-dealer for each transaction that covers the cost of execution. Depending on the broker-dealer selected, you may also pay a fee for custodial services. Please refer to our Form ADV Part 2A for information on fee plus commission or security execution fee services.

In an account under the Program, on the other hand, the relationship is centered on advice and there are two levels of service. For Comprehensive Wealth Services, you pay a single, annual fee based on the value of assets in the account, in exchange for;

- comprehensive financial planning including, but not limited to, retirement, education funding, insurance, executive/employee benefit analysis, business succession, estate and gift planning, and tax planning
- investment management services including, but not limited to, consulting, portfolio construction and monitoring, investment manager due diligence and research, ongoing asset allocation and rebalancing, reporting and quarterly analysis, and the cost of any transactions that may be executed.

If you select Managed Services, you pay a single, annual fee based on the value of assets in the account, in exchange for;

- an annual consultation regarding your investment and open access to our advisors for questions as needed
- investment manager due diligence and research, quarterly asset allocation and rebalancing, quarterly reporting and the cost of any transactions that may be executed.

Please note that in either a fee plus commission/transaction fee or a wrap fee arrangement, Northstar is a fiduciary to you. This means that we are required to put your interests ahead of our own (rather than simply acting in your “best interest.”)

To participate in the Program, you must open an account with either the Schwab Advisor Services division of Charles Schwab & CO. Inc (hereafter “Schwab”), or TD Ameritrade Institutional, a division of TD Ameritrade Inc. (hereafter “TD”). Both Schwab and TD are independent registered broker/dealers and FINRA/SIPC member firms and provide custody of securities, trade execution, transaction clearance and settlement services for clients in the Program.

While Northstar may recommend Schwab or TD for custody and brokerage services, Northstar is independently owned and operated and is not affiliated with either Schwab or TD, nor is any advice or investment recommendation linked to or contingent upon these services. Other custody arrangements can be made under fee plus commission/transaction fee services, in which case clients may (as applicable) pay transaction-related fees or other charges not covered in this brochure. Please refer to our Form ADV Part 2A for information on our fee plus commission/security execution fee services.

Both TD and Schwab provide Northstar with products and services that may only indirectly benefit your accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitate trade execution for individual accounts or in block trades; provide research on securities (primarily stocks and bonds), pricing information and other market data; facilitate payment of our fees from your accounts; and assist with back-office functions such as recordkeeping and reporting. Most of these services are used to service all or a substantial number of Northstar’s client accounts, regardless of whether they are subject to fees as part of the Program.

TD and Schwab also provide Northstar with back-office consulting, publications and conferences on; practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Northstar manage and further develop its business enterprise and do not necessarily benefit client accounts. These benefits do not depend on the number of transactions directed to our custodians, though receipt of these benefits create a potential conflict of interest and may indirectly influence Northstar’s choice of custodian/broker-dealer.

As a fiduciary to your Program accounts, Northstar always endeavors to put your interests ahead our own.

Northstar provides advisory services through the Program on both a discretionary and non-discretionary basis, always reflecting your stated risk tolerance and financial objectives. Discretion is granted by your written authorization and is limited to trading authority, which allows us to enter securities transactions on your behalf, determining which securities and the amount to buy or sell.

For non-discretionary accounts, we prepare recommendations as we do for our discretionary accounts, but we must receive specific instructions from you, in writing, prior to execution. Note that this may delay the purchase or sale of securities, and in the case of price sensitive securities or an inactive market, may cause a recommendation to go un-implemented.

In rare instances, Northstar may recommend the services of an independent investment manager, under which advisory services are typically discretionary and reflective of a very specific financial objective. That said, most Program assets are under Northstar's direct management and primarily allocated across exchange listed stocks, mutual funds, exchange-traded funds, covered stock options, municipal or Government securities, corporate debt, partnership interests and warrants.

Portfolio allocation in our Asset Management program is strategic in nature and designed to provide broad diversification across different asset classes and investment objectives (growth vs. income) in accordance with your goals, your liquidity needs and your tolerance for market/price risk. You may impose restrictions on the types of securities

### *Program Fees*

Fees for Comprehensive Wealth Services are based on the value of your total managed portfolio, or per account size. Fees may be a flat fee ranging from 1.10% to .50% of managed assets or may be tiered in accordance with the outline below.

#### BASIC FEE TIERS

FROM	TO	MAXIMUM FEE TIER
\$0	\$1,000,000	1.10%
\$1,000,001	\$1,500,000	.75%
\$1,500,001	and higher	.50%

Fees for Managed Services are 0.25% per year.

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Program fees may also be higher or lower than fees charged by other firms/sponsors for similar services.

The annual fee is prorated and charged quarterly, in advance. Accounts initiated or terminated during a calendar quarter will be charged/refunded a prorated fee, (refunds will cover the unused portion of any prepaid advisory fee, from the date we receive your written notice to terminate to the end of the quarterly period). Fees are not adjusted, however, for contributions or withdrawals made to/from existing accounts during any calendar quarter.

### *Other Costs*

In addition to the Program fees, you may also incur charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions.



These charges include internal fees charged by mutual funds or money market funds, exchange-traded securities and REITs or LPs, as well as mark-ups or mark-downs priced in on fixed income securities or alternative investments, , transfer fees, wire fees, foreign and/or transfer taxes, and exchange-related fees.

As a client in the Program, you are most likely to incur the costs of internal expenses for mutual funds held in your account, which vary by fund and are disclosed in the fund's prospectus. To help keep these costs low, Northstar utilizes institutional level, advisor-only or low-cost funds whenever possible for Program accounts. You should be aware that Northstar will be required to pay a sur-charge to trade certain low-cost funds, and that this presents a conflict of interest as we have an incentive to recommend different funds or to trade surcharge eligible funds less frequently.

### *Referrals to the Program*

Northstar does not provide compensation to anyone for referring clients to our Asset Management Program.

## ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS:

### *Individuals*

The majority of our clients are goal-oriented individuals who seek comprehensive planning and investment advice. The Program is ideal for individuals who want active investment management and monitoring without having to monitor the market themselves. The minimum investment for individuals seeking Asset Management services is \$ 10,000.

### *Trusts & Foundations*

Northstar may also provide Asset Management services to Charitable Trusts, Foundations and Endowments established by existing clients as a separate service. The minimum investment for organizations/entities seeking this service is \$ 25,000.

## PORTFOLIO MANAGER SELECTION AND EVALUATION:

As mentioned above, Northstar may use the services of independent investment managers in rare instances, but for the most part the Program assets are managed directly by Northstar and its Advisory Representatives. Northstar requires education and experience in investments, insurance, taxation and other related fields as the minimum standard for their Advisory Representatives, and all Associated Persons must be appropriately licensed for securities and/or insurance. Advisory Representatives are encouraged to pursue study toward a Certified Financial Planner or Chartered Financial Analyst designation.

Accounts are not assigned by Northstar to any Advisory Representative, who may have different levels of experience, education and management styles. You may choose your

primary Advisory Representative, but all Advisory Representatives work as a team in the Program to design, develop and monitor Program assets. Northstar, nor any third party, reviews investment performance for any Advisory Representative.

### *Advisory Business*

Prior to rendering any service, Northstar offers an Initial Consultation to discuss your situation, goals and concerns. As a potential client, you will receive questionnaires designed to clarify your planning needs, as well as screen for investment risk tolerances, in preparation for consultation. You may also receive an analysis of current investments as a part of your consultation. The consultation and any analysis presented are free and there is no obligation to proceed with any of our services upon completion.

Northstar offers Comprehensive Wealth Services, which begin with the Strategic Plan which is customized to your goals and includes, at a minimum, a family net worth statement, an investment portfolio analysis, and illustrations of needs/risks.

The Strategic Plan forms the basis for our recommendations, as well as any ongoing services including our Asset Management Program. There is no obligation for you to proceed with any service offering upon delivery of a Strategic Plan, and you may choose to implement the Strategic Plan, or any part thereof, through any other financial professional.

Comprehensive Wealth Services are designed to be long-term, and may include tax planning, estate planning, business planning, protection and insurance planning, retirement planning, education funding, cash flow, and/or employee benefits analysis, depending upon your needs. As part of this service, Northstar will review your entire financial situation on at least an annual basis and will be available as needed for consultations related to any aspect of your financial situation.

Comprehensive Wealth Services include investment management through our Asset Management wrap fee Program on both a discretionary and non-discretionary basis, always reflecting your stated risk tolerance and financial objectives. We will provide ongoing recommendations for 401(k) and other accounts for which we do not have the ability to place trades directly with the custodian. In this instance, we will prepare recommendations as we do for our discretionary accounts but will send them to you for execution. Of course, you are responsible for any trading costs that you incur in these accounts.

Northstar also offers Managed Services to clients who prefer a more limited relationship. Under this service we provide a review of accounts annually, along with quarterly rebalancing and reporting. Managed Service accounts may be held under the Asset Management Program or through a separate custodian. Managed Service clients may also retain Northstar to address a specific issue(s) or evaluate a specific investment via a limited Financial Planning agreement.

Recommendations/trades for all Program accounts may involve exchange listed stocks, mutual funds, exchange-traded funds, stock options, municipal or Government securities, corporate debt, partnership interests and warrants. In rare instances, Northstar may recommend investment in private placement offerings. You may impose restrictions as to the types of investments/securities held in your managed accounts.

Northstar's representatives are also able to implement insurance recommendations in financial plans. You have no obligation to purchase insurance through these individuals. If you do purchase insurance through our associated persons, they will receive separate and typical compensation. This presents a conflict of interest in that they have an incentive to recommend insurance products in financial plans.

You may request that Northstar execute transactions that are recommended on your behalf in any non-discretionary account by providing specific instructions in writing prior to each transaction. Note that this may delay the purchase or sale of securities that are recommended, and in the case of price sensitive securities or an inactive market, may cause a recommendation to go un-implemented.

#### *Performance Based Fees and Side-by-side Management*

Compensation for the firm or any Advisory Representative is never based on a share of the capital gains upon, or capital appreciation of, the funds in any account.

#### *Methods of Analysis, Investment Strategies and Risk of Loss*

Fundamental analysis is applied to equities to determine fair value of a stock and some exchange-traded funds by evaluating earnings, price and dividends paid, as well as key information from a company's balance sheet, income statement and overall financial condition. As applied to debt securities, credit history, duration and yield are all evaluated. Fundamental, fair value analysis may be applied to individual companies or industry sectors.

For mutual funds, which represent Northstar's typical investment and form the bulk of our client portfolios, fundamental analysis involves the evaluation of the fund manager against a specific set of criteria such as manager experience, methodology and personal investment (does the manager invest in their own fund). Additionally, we measure overall cost and past performance relative to a peer group of similar managers. We will also evaluate and monitor Modern Portfolio Theory statistics such as Beta (risk) Alpha (reward) and Standard Deviation (volatility).

Despite our analyses, any investment in mutual funds carries risks that are particular to the underlying securities held in the fund. For example, bond funds may be prone to interest rate and credit risks, stock funds are exposed to market risks and, if holding foreign securities, exchange-rate risks. Investments in both stock and bond funds may result in a loss of principal.

Northstar's overall management philosophy is goals-based. Investment strategies utilized will reflect your needs and goals and will differ from strategies used for different clients. Strategies may include short as well as long-term purchases of equities, debt instruments, mutual funds, and options. If you have a low risk tolerance, or if capital preservation is a primary objective, emphasis will be on more passive, fixed-income strategies. For more aggressive or growth-oriented objectives, strategies will generally be more active and equity-based.

Active investment strategies may carry more risk than passive strategies due to a greater frequency of transactions, which may involve additional costs such as transaction or exchange fees and taxes. Strategies involving options carry additional risk, as losses incurred may exceed losses on the underlying stock and covered calls may make the underlying equity illiquid for the duration of the contract. On occasion, and at your request, we may buy and sell a security within 30 days or less (trading) but it is not a normal part of our strategies.

NOTE: Investing in securities involves risk of loss, which you should be prepared to bear. There is no guarantee that you will be able to meet your investment goals

### *Voting Client Securities*

For any security that entails a voting right in the underlying company, Northstar will not have or accept authority to vote on your behalf. All voting issues, proxies, and solicitations will be communicated to you through your broker-dealer/custodian. Upon request, however, we may help explain or answer questions regarding a given voting issue.

## CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS:

Northstar and its Advisory Representatives will collect personal information from you on a regular basis in the interest of appropriately managing your accounts under the Program. Information we may collect includes investment objectives and goals, personal information such as social security number, address, birth date and other information to verify your identity, financial information such as net worth, income, liquid net worth, prior investment experience, employer information, etc.

During regular reviews your Advisory Representative may request information about investments held outside Northstar's purview, including updated statements, or ask to verify that the information that you have previously provided is still current.

## CLIENT CONTACT WITH PORTFOLIO MANAGERS:

Northstar will contact you about your Program accounts at least once every quarter as we conduct our regular evaluations, but you may contact your primary Advisory Representative or any Associated Person at Northstar, at any time if you have a question or need assistance.

## ADDITIONAL INFORMATION:

### *Disciplinary Information*

In March of 2015, Northstar Financial Companies, Inc. reported to the State of Florida's Office of Financial Regulation that the firm had been providing financial advice to more clients in the state than the current de minimus of five (5). As such, we self-reported our own violation of Florida regulatory statute, at which time the state opened administrative proceedings against our firm. We worked with the state to disclose all relevant information and, upon paying a fine of \$13,000, Northstar became registered as an advisor in the State of Florida in 2016.

We have retained the services of an independent Compliance Consultant/attorney to assist in developing policies to prevent such violations from occurring in the future.

### *Other Financial Industry Activities and Affiliations*

Steven Girard is an independent insurance agent appointed with various insurance companies whose products he is licensed to sell. Mr. Girard may recommend insurance products and, as agent, sell the products he recommends. A conflict of interest exists as there will be compensation for these transactions, which creates an incentive to recommend those products.

Northstar compensates all associated persons on a salary basis, to mitigate any incentive advisors may have to recommend specific services or products.

You are not obligated to purchase insurance products through Northstar's Advisory representatives in these separate capacities and we must disclose this fact when making a recommendation to you as a client.

### *Code of Ethics*

Northstar has a Code of Ethics that reflects the fiduciary principles that govern our conduct, highlights the importance of trust and communication as the foundations of our relationship and establishes policies and procedures to ensure that Northstar and all its associated persons place your best interests above all else.

The Code of Ethics also requires Northstar and its associated persons to follow industry "best practices" involving the handling of confidential information, insider trading, personal trading on the part of the Adviser or its representatives and the disclosure of conflicts of interest, among other things. All associates at Northstar must acknowledge the terms of the Code of Ethics annually, or as amended. A copy of our Code of Ethics is available upon request.

### *Participation or Interest in Client Transactions And Personal Trading*

While Northstar Financial Companies Inc. does not execute principal trades (trades from our own account to yours) and has no proprietary interest in your transactions, our associated

persons may have a financial interest in recommended transactions that involve the purchase of insurance. As explained above, Advisory Representatives are also independent licensees of various insurance companies.

As such, recommendations for insurance can also be sold to you through our Advisory representatives' separate registrations or licenses. When this happens a conflict of interest exists, as he/she may be compensated based on these transactions, which may create an incentive to recommend those products. Northstar requires that all Advisory representatives disclose this conflict of interest when such recommendations are made, and that you may purchase the recommended products through other representatives or agents not associated with Northstar if you wish.

Additionally, associated persons may from time to time buy or sell securities for themselves that are also recommended to you. This represents a potential conflict of interest, as we may benefit from an increase in price due to subsequent purchases by you.

To address this potential conflict, Northstar requires that all transactions made on behalf of its associated persons are recorded, and that any similar trades for clients are placed ahead of Northstar or its representatives. Northstar's Principal will review these trades quarterly to ensure your interests are given the utmost priority and importance. Additionally, all associated persons are prohibited from participating in any Initial Public Offering or trading any public company for which we may have an *Insider* client, as well as any private placement or other illiquid offerings that are made to you.

### *Review of Accounts*

Account holdings for Comprehensive Wealth Services clients are monitored on a regular and continuous basis by Steven Girard and/or Julia Randall. You will receive a report and analysis of your entire portfolio on a quarterly basis, including accounts that are not managed by Northstar (with your permission and assistance). Additionally, we are available to meet with you at your convenience, whenever you have a concern.

Northstar's associated persons review all Comprehensive Wealth Services and Managed Service holdings, including non-discretionary accounts, on a quarterly basis in conjunction with calculating the fee or generating reports. We will typically recommend adjustments/rebalance your holdings at this time, but we will also schedule a more in-depth review of your situation at least annually to ensure your portfolios still match your stated goals and risk tolerances.

### *Client Referrals and other Compensation*

Northstar Financial Companies Inc. currently does not, directly or indirectly, pay compensation for referrals or solicitation of Advisory clients, nor do we receive any direct or indirect compensation for referring our clients to other professionals or firms.

### *Financial Information*

Northstar does not bill for services more than six (6) months in advance, in any amount. However, registered investment advisers with discretionary authority who take custody, even in a limited capacity, are required to provide you with certain financial information or disclose their financial condition.

Northstar, its controlling owners, and its associated persons have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to you, and nor has the firm or its associated persons been the subject of a bankruptcy proceeding.