

# **FORM ADV PART 2A (FIRM BROCHURE)**

## **North Star Advisory Group, LLC**

**2000 Auburn Drive  
Suite 415  
Beachwood, OH 44122**

**Telephone: 216-202-0202  
Facsimile: 216-202-3456**

**Website: <https://nsag.com/>**

**March 1, 2023**

### **Item 1 Cover Page**

This brochure provides information about the qualifications and business practices of North Star Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at 216-202-0202. 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 North Star Advisory Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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.

North Star Advisory Group, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, North Star Advisory Group, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

Since the filing of our last annual updating amendment of Form ADV, Part 2A (Firm Brochure), dated February 15, 2022 we have the following changes to report:

- Item 12 – The firm has added information for Trade Aggregation and Block Trading.
- There are no other Material Changes to date.

This Firm Brochure dated March 1, 2023 replaces the Firm Brochure dated December 1, 2022.

### **Full Brochure Availability**

The Firm Brochure for North Star Advisory Group, LLC is available by contacting us at 216-202-0202.

In 2023, all new clients are being provided a full copy of our brochure.

The Firm Brochure is available online at: <https://www.nsag.com/about>

### Item 3 Table of Contents

<b>Item #</b>	<b>Subject</b>	<b>Page #</b>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	8
6	Performance-Based Fees and Side-By-Side Management	11
7	Types of Clients	11
8	Methods of Analysis, Investment Strategies and Risk of Loss	12
9	Disciplinary Information	14
10	Other Financial Industry Activities and Affiliations	15
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
12	Brokerage Practices	16
13	Review of Accounts	18
14	Client Referrals and Other Compensation	19
15	Custody	19
16	Investment Discretion	20
17	Voting Client Securities	21
18	Financial Information	21
19	Requirements for State-Registered Advisers	22
20	Additional Information	22

## Item 4 Advisory Business

### Firm Description

North Star Advisory Group, LLC ("NSAG") is a registered investment adviser primarily based in Beachwood, Ohio. We are organized as a limited liability company under the laws of the State of Ohio. We have been providing investment advisory services since 2014.

### Principal Owner

Mark Kangas is our principal owner.

### Types of Advisory Services

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning Services
- Selection of Other Advisers
- Pension Consulting Services
- Advisory Services to Retirement Plans
- Sub-Advisory Services
- Real Estate Consulting Services
- Antiques and Collectables Consulting Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to North Star Advisory Group, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. The use of these terms is not intended to imply that there is more than one individual associated with this firm.

#### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or

sold for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

As part of our portfolio management services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser(s), and may hire and fire any sub-adviser without your prior approval. We may pay a portion of our advisory fee to the sub-adviser(s) we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

#### Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad, comprehensive, financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We review all financial plans on at least an annual basis. Additional reports will be provided to all clients who have an ongoing financial relationship with us.

#### Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we will recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

#### Pension Consulting Services

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor

or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Either party to the pension consulting agreement may terminate the agreement upon 30 days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

#### Advisory Services to Retirement Plans

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you will sign with our firm. Our compensation for these services is described below, at Item 5, and also in the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, since Associated Persons of our firm are licensed insurance agents, these individuals may receive fees, revenue sharing or other forms of indirect compensation in connection with Insurance investments. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the retirement plan.

In providing services to the Plan and Participants, our status is that of an investment adviser registered with the State of Ohio and other state securities authorities and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a non-discretionary fiduciary of the Plan as defined in Section 3(21), only. We do not act as a discretionary "investment manager" of the Plan as defined in Section 3(38) under ERISA.

### Sub-Advisory Services

We offer sub-advisory services to unaffiliated third party money managers (the "Primary Investment Adviser"). As part of these services, we will provide model portfolios, which the Primary Investment Adviser selects for their clients. We will not directly manage the Primary Investment Adviser's individual client accounts. The Primary Investment Adviser will be responsible for selecting the appropriate model for its clients.

### Real Estate Consulting Services

We offer consulting services concerning real estate. This service primarily involves advising clients on liquidation strategies for real estate and managing potential capital gains.

### Antiques and Collectables Consulting Services

We offer consulting services concerning antiques and collectables. This service primarily involves advising clients on the collectability, potential financial appreciation, capital gains management, business strategies and liquidation strategies of various types of antiques and collectables.

### **Tailored Relationships**

Clients can engage our firm to manage all or a portion of their assets on a discretionary or non-discretionary basis. We primarily offer advice on fixed income products such as municipal securities and bonds and on investment company securities such as mutual funds and exchange traded funds ("ETFs"). Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

NSAG also may render non-discretionary investment management services to clients relative to their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, NSAG either directs or recommends the allocation of client assets among the various investment options that are available with the plan. Client assets are maintained at the specific insurance company or custodian designated by the plan.

NSAG tailors its advisory services to the individual needs of clients. NSAG consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. NSAG ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify NSAG if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon NSAG's management services.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in NSAG's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

### **Wrap Fee Programs**

NSAG does not offer a wrap fee program.

### **Assets Under Management**

As of December 31, 2022, we provide continuous management services for \$134,674,334 in client assets on a discretionary basis and \$17,000,378 on a non-discretionary basis.

## Item 5 Fees and Compensation

### Description & Fee Billing

#### Portfolio Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage. The fee is 1.00% of assets under management, unless otherwise agreed to and specified in writing in the asset Management Agreement. Our advisory fee is negotiable, depending on individual client circumstances.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. When the Account is opened, the Advisory Fee is billed for the remainder of the current billing period and is based on the initial contribution. The initial payment will become due in full on the date of inception.

Subsequent quarterly Advisory Fees will be calculated based on the Account Value as of the last business day of the previous calendar quarter and will become due the following business day. If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, you authorize us to: (i) assess Advisory Fees to the deposited assets based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid Advisory Fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional Advisory Fees or adjustments to previously assessed Advisory Fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you. Notwithstanding the above, we reserve the right, in our sole discretion, to process or not process fee adjustments, as applicable, when the source and destination of deposits and withdrawals involve your other fee-based advisory accounts. In addition, we may, in our sole discretion, take any action we consider fair and reasonable with respect to the application of fee adjustments based upon our review of the timing and amounts of deposits to and withdrawals from your account. Cash reserve balances will be included for billing purposes.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total which may also result in an increased or a reduced total advisory fee, depending upon the differences in the clients' advisory fee rates and the advisory fee rate we choose to calculate our total fee. As such, we will act in our clients' best interests and choose the lowest client fee rate when making a householding calculation, in effect reducing our total advisory fee to such clients.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.



You may terminate the portfolio management agreement upon 30 days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

#### Financial Planning Services

We charge an hourly fee of \$450 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. Additionally, we, at our discretion, may assess extra charges to you on additional financial planning annual reviews if you have no ongoing financial planning relationship with us, existing at the time of the review. Our charge for the review in question will be in accordance with our above financial planning fees.

Fees are due upon completion of services rendered.

At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Portfolio Management Service.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

#### Selection of Other Advisers

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the MM. We anticipate the total advisory fee charged by the third party money manager to be between 2% and 2.5% of assets under management; however, the advisory fee you pay to the MM is established and payable in accordance with the brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each MM. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one MM over another MM with whom we have more favorable compensation arrangements or other advisory programs offered by MMs with whom we have less or no compensation arrangements.

You will be required to sign an agreement directly with the recommended MM(s). You may terminate your advisory relationship with the MM according to the terms of your agreement with the MM. You should review each MM's brochure for specific information on what relevant fees and services are respectively, charged and performed by the MM and us; what additional conflicts of interest may exist with the MM, how you may terminate your advisory relationship with the MM; and how you may receive a refund, if applicable. You should contact the MM directly for questions regarding your advisory agreement with the MM.

#### Pension Consulting Services

The compensation arrangement for these services will not exceed 0.90% of assets under management, unless they are billed at a flat hourly or total fee. Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the

quarter.

Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

#### Advisory Services to Retirement Plans

The compensation arrangement for these services will not exceed 0.90% of assets under management, unless they are billed at a flat hourly or total fee. Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the quarter.

Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis.

#### Sub-Advisory Services

Fees and payment arrangements are negotiable and will vary on a case-by-case basis.

#### Real Estate Consulting Services

We charge an hourly fee of \$450 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. Our consulting fee is payable upon completion of the agreed upon consulting services.

#### Antiques and collectables Consulting Services

We charge an hourly fee of \$450 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. Our consulting fee is payable upon completion of the agreed upon consulting services.

### **Other Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

### **Fees Paid In Advance**

Management fees are charged quarterly (1/4 of annual fee) in advance based upon the quarter end value of your account and the type of account.

Clients may terminate their advisory contract with the firm in writing, signed receipt required, at any time, and fees will be refunded on a pro-rated basis through the end of the calendar quarter. We may terminate relationships with clients, in writing, upon 30 days notice and will refund fees on a pro-rated basis through the end of the calendar quarter.

Your death will not terminate the Investment Management Agreement or authority granted to our firm to charge for management fees until we have received actual written notification of your death.

### **Additional Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

At our discretion, we may offset our advisory fees to the extent persons associated with our firm earn commissions in their separate capacities as insurance agents.

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

### **Sharing of Capital Gains or Appreciation**

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation from a qualified client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above.

## **Item 7 Types of Clients**

### **Description**

We offer investment advisory services to individuals, including high net worth individuals; pension and profit sharing plans; charitable organizations; and corporations.

### **Account Minimums**

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage. For your benefit, we will also household related accounts; i.e., combining account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum for breakpoints in the sale of investment company shares (mutual fund and exchange traded funds ("ETFs")) which reduce your purchasing costs of such securities.

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

### Methods of Analysis

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you. We have also provided you information related to the risk(s) related to these methods of analysis.

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

- **Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

- **Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

- **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

- **Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### Investment Strategies

Long-Term Purchases - securities, antiques and collectables purchased with the expectation that the value of those securities, antiques and collectables will grow over a relatively long period of time, generally greater than one year.

- **Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may

create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

We may also use short-term trading, short sales, margin, and/or options as investment strategies when managing your account(s). None of these strategies are a fundamental part of our overall investment strategy, but we may use one or more occasionally when we determine that they are suitable given your stated investment objectives and tolerance for risk.

- Short-term trading generally involves selling securities within 30 days of purchasing them. This type of trading may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.
- Margin transactions involve an investor borrowing money to purchase a security with the security serving as collateral on the loan. The investor may have to deposit more cash into the account or sell a portion of the stock if the value of the shares drops sufficiently in order to maintain the margin requirements of the account. An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.
- An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

#### Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

#### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend fixed income securities such as municipal securities and bonds and investment company securities such as mutual funds and ETFs. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely.

However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Mutual Funds and ETFs:** Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## **Item 9 Disciplinary Information**

### **Legal and Disciplinary**

Registered Investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NSAG and the integrity of our management of your assets. We have no information that applies to this item.

### **Criminal or Civil Action**

Registered Investment advisors are required to disclose all material facts regarding any criminal or civil action events that would be material to your evaluation of NSAG and the integrity of our management of your assets. We have no information that applies to this item.

### **Administrative Proceeding**

Registered Investment advisors are required to disclose all material facts regarding any administrative proceeding that would be material to your evaluation of NSAG and the integrity of our management of your assets. We have no information that applies to this item.

### **Self-Regulatory Proceeding**

Registered Investment advisors are required to disclose all material facts regarding any Self-Regulatory Organization proceedings that would be material to your evaluation of NSAG and the

integrity of our management of your assets. We have no information that applies to this item.

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

### **Broker-Dealer or Registered Representative Registrations**

The investment advisor representatives of NSAG are not registered representatives of a broker dealer or affiliated with a broker dealer.

### **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

NSAG and our staff are not affiliated with a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser.

### **Material Relationships or Arrangements with Financial Industry**

Insurance Affiliations - As stated previously, in addition to being our CEO and Investment Advisor Representative, Mark Kangas is licensed as an independent insurance agent. Although Mr. Kangas does not presently engage in the sale of insurance products, if he did so in the future he would be entitled to receive commission-based compensation for such sales. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Kangas for insurance related activities. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents would have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm

NSAG has no other material relationships or arrangements with the financial industry not disclosed elsewhere in this document.

### **Recommend or Select Other Investment Advisers**

NSAG as stated in Item 5, "Selection of Other Advisers", does recommend or select other investment advisors for our clients.

### **Insurance Affiliations**

As stated previously, in addition to being our Owner and CEO/Investment Advisor Representative, Mark Kangas is licensed as an independent insurance agent. Although Mr. Kangas does engage in the sale of insurance products, if he did so in the future he would be entitled to receive commission-based compensation for such sales. The fees you pay our firm for advisory services are separate and distinct from the commissions earned by Mr. Kangas for insurance related activities. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents would have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. In an effort to mitigate this conflict of interest, our firm makes every effort to fully understand your needs, and will recommend the purchase of insurance products only to the extent that we feel such a purchase meets those needs. Any commissions that will be paid to a NSAG associate in conjunction with such purchases will be disclosed to you in advance of the purchase of an insurance product. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **Other Affiliations**

Erik Keister is an attorney that has his own legal practice – Erik Keister Legal Services, LLC. Erik Keister Legal Services is a separate company from North Star Advisory Group, LLC.



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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Recommend Securities with Material Financial Interest**

NSAG and its investment advisor representatives do not have any material financial interest in any public companies. Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Invest in Same Securities Recommended to Clients**

A NSAG staff member may invest in the same securities as recommended to clients under the firm personal trading policy listed below.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for staff member accounts. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of TD Ameritrade, Inc. ("TD Ameritrade"), a securities broker-dealer and a member of the New York Stock Exchange ("NYSE"), FINRA and SIPC. We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

We participate in the institutional advisor program (the "Program") offered by TD Ameritrade



Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc. ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and member of the New York Stock Exchange (NYSE), the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage.

With the exception of TD Ameritrade above, our firm does not participate in any research and other soft dollar benefit programs at the present time. Should we consider participating in such a program, appropriate client disclosures will be made.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research, except from TD Ameritrade as noted above in *Research and Other Soft Dollar Benefits*.

#### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through TD Ameritrade. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a

particular broker, you should understand that this might prevent our firm from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Order Aggregation or Block Trades**

We may aggregate the purchase or sale of the same security across various client accounts which allows us to execute transactions in a more timely, equitable and efficient manner. Each client participates in an aggregated order at the average share price for all of the adviser's transactions in that security on any given day. Clients participating in block trades do not receive a pro-rata transaction fee charge and will be charged the transaction fee in the fee schedule of the custodian/custodian broker dealer.

## **Item 13 Review of Accounts**

### **Periodic Reviews**

Mark Kangas, Managing Member, CEO, CCO and Investment Advisor Representative, of North Star Advisory Group, LLC will monitor your accounts on an ongoing basis and will conduct formal account reviews at least annually or upon your request. The reviews are designed to ensure the advisory services provided to you, and the portfolio mix, are consistent with your stated investment needs and objectives.

### **Review Triggers**

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

**Financial Plan Reviews** - Mark Kangas, Managing Member, CEO, CCO and Investment Advisor Representative, of North Star Advisory Group, LLC will also review financial plans as needed, depending on the arrangements made with you at the inception of your advisory relationship to ensure that the planning advice and/or asset allocation recommendations made to you are consistent with your current/stated investment needs and objectives. Generally, we will contact you annually to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Where warranted, we will provide you with updates to the financial plan in conjunction with the review. We recommend meeting with you at least annually to review and update your plan if needed. Additional reviews will be conducted upon your request. Such reviews and updates will be subject to our then current hourly rate. We will not provide regular written reports for financial planning and consulting services. If you implement financial planning advice through TD Ameritrade or another broker dealer custodian, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

We will review your investment account(s) or your financial plan only at your request at no charge to you. Otherwise, we do not review or monitor your investment account(s), review your financial plan, or

review statements you receive from your third-party money manager or account custodian. At your request, we may meet with you and/or your third-party money manager(s) to discuss asset allocation, but we will not make recommendations regarding specific investments or provide any regular written reports to you.

### **Account Reports**

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s). You should carefully review those statements promptly when you receive them.

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

### **Economic Benefits**

We receive an economic benefit from TD Ameritrade in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to us of TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

From time to time the firm will hold client appreciation events and seminars for the benefit of client and prospective clients. These events may be sponsored in part or in whole by mutual fund companies that agree to be event sponsors (contribute funds towards the cost of the event) or provide a speaker for the event. The sponsorship of an event by a mutual fund company(ies) could be considered a conflict of interest. All mutual fund recommendations made by the firm are based on client suitability and needs of our clients.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section.

### **Third Party Solicitors**

NSAG may use, employ, or compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In the event we obtain accounts where we agree to pay a portion of your advisory fees or revenues earned to others, you will receive a copy of a "Solicitor's Disclosure Statement" that explains this relationship. You will be required to sign this disclosure document acknowledging that you understand the obligations of the Solicitor and compensation NSAG will pay to the Solicitor.

Beyond the disclosures provided in this Brochure, we do not receive any compensation from any third party in connection with providing investment advice to you.

## **Item 15 Custody**

North Star Advisory Group, LLC does not take custody of your funds and securities. TD Ameritrade or your broker dealer custodian maintains actual custody of your assets. As a result, our firm does not

accept securities or forward securities to your brokerage firm or custodian. The only checks accepted as payable to North Star Advisory Group, LLC are those submitted for payment of advisory fees. NSAG's Agreement and/or the separate agreement with TD Ameritrade or any Financial Institution may authorize us through such Financial Institutions to debit your account for the amount of our fee and to directly remit that management fee to our firm in accordance with applicable custody rules. Under government regulations, we are deemed to have custody of your assets due to our ability to deduct management fees in accordance with the advisory agreement, but we do not otherwise have any access to client assets.

NSAG may also be deemed to have limited custody due to Standing Letters of Authorization (SLOAs) with the client's custodial firm. These SLOAs have been put in place upon the client's request and signature. NSAG uses processes and procedures that meet the seven specific conditions (noted below) as stated in the SEC's February 2017 No Action Letter under which the obligation to obtain a surprise examination for custody is waived.

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Account Statements**

The Financial Institutions recommended by our firm have agreed to send a statement to you the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to our firm. In addition, as discussed in Item 13, our firm also sends periodic supplemental reports to clients. You will receive account statements directly from TD Ameritrade or your broker dealer custodian at least quarterly. They will be sent to the email or postal mailing address you provided to your broker dealer. You should carefully review those statements promptly when you receive them.

## **Item 16 Investment Discretion**

### **Discretionary Authority for Trading**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

This gives us discretion over the selection of securities, timing when transactions are made and amount of securities to be purchased or sold for your account(s) without obtaining your consent or

approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

*Non-Discretionary Agreements* - If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### **Limited Power of Attorney**

As a general rule, our firm does not have any limited power attorney accounts. Some broker dealers may require you to sign forms designating NSAG as a limited power of attorney for the firm to make discretionary transactions. Otherwise, we do not use limited power of attorney to make investments in your account(s).

## **Item 17 Voting Client Securities**

### **Proxy Voting**

Without exception, we will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

### **Prepayment of Fees**

Management fees are charged quarterly (1/4 of annual fee) in advance based upon the quarter end value of your account and the type of account. Additional information is contained in Item 5, "Fees Paid in Advance".

### **Financial Condition**

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$500 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

### **Bankruptcy**

Moreover, we have never been the subject of a bankruptcy petition.

## Item 19 Requirements for State-Registered Advisers

This Item is not applicable.

## Item 20 Additional Information

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information with third parties unless it is required to process a transaction or to provide services, at your request to a third party, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, we do not keep the profit as gains will be donated to a charity. We have selected University Hospitals Rainbow Babies & Children's as that charity.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.