

# NORTHSTAR ASSET MANAGEMENT



Progressive Wealth Management Since 1990

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*This brochure provides information about the qualifications and business practices of NorthStar Asset Management, Inc. (hereinafter “NorthStar”, the “Firm,” or “we”). If you have any questions about the contents of this brochure, please contact us at (617) 522-2635. 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.*

*NorthStar Asset Management is a registered investment adviser. Registration as an investment adviser does not imply that NorthStar or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business. In addition to the disclosures set forth in this brochure, NorthStar may disclose other information that may be material to advisory relationships with its clients by other means, including written or oral disclosures. Additional information about NorthStar Asset Management, Inc. is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). NorthStar’s CRD number is 107138.*

## Item 2 Summary of 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.

Since our last annual amendment dated 03/21/2024, we are reporting the following material changes:

- Item 4, Advisory Business, Sale of 35% of the firm to employees: As of July 1, 2024, the firm has transitioned to broad-based equity ownership. Julie Goodridge, the founder, now owns 65% and the remaining 35% ownership is spread across six other employees. Over time, all employees will qualify and have an opportunity to own equity in the firm based on tenure and contributions.
- Item 4, Advisory Business: We are changing the name of the equity portion of a client's portfolio from the "buy list" to the "NorthStar Global Equity Portfolio". There is no substantive change to the make-up of the equity investments we include in these equities.
- Item 4, Advisory Business, and Item 5, Fees and Compensation, Sub-Adviser Services: We have added Sub-Adviser services to our advisory service offerings. We offer these services to other unaffiliated registered investment advisers (the "Primary Investment Adviser"). We've described these Sub-Adviser Services and provided information related to the fees we charge for this service. While we are responsible for the management of the underlying portfolio assets delegated to our firm, the Primary Investment Adviser is responsible for identifying their clients' risk tolerance and investment objectives, selecting the appropriate model within which to invest, and for communicating the investment recommendations directly to the individual clients.
- Item 5, Fees and Compensation: We have added additional disclosure to describe the basis on which Outside Investments are valued for billing purposes. Equity-based Outside Investments are billed either on the cost basis of the investment, or on a valuation provided by the issuer, if provided. Fixed Income-based Outside Investments are billed on the asset's cost basis.
- Item 8, Methods of Analysis, Investment Strategies and Risk of Loss: We have revised the benchmarks utilized for our investment analysis. For Public Equities, we now use the MSCI All Country World Index as our benchmark. For Fixed Income, we now use the Bloomberg US Government Intermediate Bond Index. For Cash and Cash Management, we benchmark against the US Treasury Bill 90-day yield.
- Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, Artificial Intelligence (AI): We have disclosed that we may use AI for certain administrative functions to improve overall operational efficiency. We believe the use of this technology allows us to reduce administrative time, prepare for client engagement, and improve the overall client experience. We do not knowingly use AI in our investment selection process or to formulate the specific investment advice rendered by us. The use of AI poses risks related to the challenges we face in properly managing its use. Such risks may include the exposure of confidential information to unauthorized recipients, violation of data privacy rights, or other data leakage events. The use of AI may also expose us to litigation risk or regulatory risk.

NorthStar encourages clients to carefully read this brochure as the Firm routinely makes updates throughout the brochure to improve and clarify the description of its fees and compensation, conflicts of interest, business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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## Item 4 Advisory Business

### Description of Firm

NorthStar Asset Management, Inc. ("NorthStar" or "the Adviser") is an SEC-registered investment adviser specializing in socially responsible investing. We are organized as a corporation in the state of Massachusetts. The firm was founded in 1990 and is currently majority owned by Julie N.W. Goodridge. As of July 1, 2024, the firm has transitioned to broad-based equity ownership. Julie Goodridge, the founder, now owns 65% and the remaining 35% ownership is spread across six other employees. Over time, all employees will qualify and have an opportunity to own equity in the firm based on tenure and contributions.

At NorthStar, we have created a unique approach to investing for social change. NorthStar centers our research, thinking, and activism around five core areas that inform how we view the world: racial justice and gender equity, economic inequality, human rights, environmental justice, and corporate governance. We examine potential opportunities in multiple asset classes to be included in our portfolios, with the goal of allowing our clients to invest assets to achieve their financial objectives with a deep awareness of their social impact.

Additionally, NorthStar is a signatory to the UN Principles of Responsible Investment (UNPRI), member of the Shareholder Rights Group, US SIF: The Forum for Sustainable and Responsible Investment, and Confluence Philanthropy. As a signatory, NorthStar has undertaken to incorporate the consideration of the various principles, investment analysis and commitments as stated by each organization, where applicable.

### Our Investment Approach

Investment Management Clients are those for whom we use traditional investments in public stocks, bonds, and money market funds combined with alternative or "Outside" investments. In the course of our work with clients, we provide a broad range of financial advice including discussions about budgeting, charitable contributions, generational gifting, alternative lending, estate concerns, tax concerns, and other financial planning concerns brought to our attention by our clients.

Clients at NorthStar have individually tailored asset allocations integrating equity, fixed income, cash, and Outside Investments. We use our discretionary authority to create portfolios for our clients using publicly traded, global equity to grow the portfolio, and fixed income holdings (including cash) to provide income and liquidity. In certain limited cases, we also provide non-discretionary advisory services with respect to similar investments. Outside Investments in alternative asset classes outside of public equity, fixed income and cash may be suggested (depending on the clients' risk tolerance and financial needs) to enhance the social impact of a client's portfolio, without necessarily enhancing expected financial performance.

Our Investment Management allocation strategy is based on a combination of NorthStar's current market outlook and a client's financial needs, investment horizon, and tolerance for risk. This asset allocation is reviewed annually and otherwise when required due to changing market conditions or client need. The equity portion of a client portfolio consists, in most cases, of a "Global Equity Portfolio" of approximately 40- 45 global companies, selected to provide risk diversification across market capitalization size and industry sectors relative to a global benchmark, with the goal of adding alpha, defined as the excess return of the fund relative to the return of the benchmark index, through idiosyncratic stock performance. With a long-term horizon, we purchase stocks with the intention of holding them for five to ten years.

Our fixed income investments are selected from a pool of individual federal agency bonds, certificates of deposit, treasuries, inflation protected treasuries, municipal bonds, and corporate bonds. We select bonds that mature within a time horizon with which we feel comfortable given current bond yield

curves and client liquidity needs with the goal of holding them until maturity. We match bond selections with the individual needs of each Investment Management client. Often Investment Management clients choose to add outside, non-publicly traded investments to their existing portfolios. These “Outside Investments” in NorthStar client portfolios may consist of private equity investments, real estate investment trusts, private limited partnerships, community loan funds, micro-lending products, private loans and certificates of deposit (see the full description below of Outside Investing). These investments may be made in response to a client’s desire to have a more direct relationship with an organization or impact on a project in their community or area of interest. While these investments are made with input from NorthStar as to client suitability relative to risk and client objectives, they are either held in custody by the client or by the issuing organization. NorthStar monitors and facilitates transactions related to these investments as part of the management process, providing recordkeeping, funding capital calls, depositing interest and dividends and return of principal, all with written authorization from the client.

The asset allocation of each NorthStar portfolio is client specific, and we are also able to modify each client portfolio to include or exclude specific investments based on the individual client’s wishes and history. Our priority is to have each client portfolio reflect the desires of the client with respect to their social concerns and financial needs.

Outside Investments in NorthStar client portfolios may consist of investments such as private equity, mission investments, real estate investment trusts, private limited partnerships, community loan funds, micro-lending products, private loans and certificates of deposit. These investments may be made in response to a particular client’s desire to have a more direct relationship with an organization or impact on a project in their community or area of interest. Investments in private companies and socially significant projects focused on such priorities as renewable energy, clean water, healthy foods, and sustainable farming, ranching and forestry are evaluated on a case-by- case basis and integrated into a client’s full investment portfolio where appropriate. These evaluative services are available to all clients but are better suited to clients who are able to shift portions of their portfolios to higher levels of illiquidity. The investments are directed and authorized by the client, with input from NorthStar as to client suitability relative to risk and client objectives. Any securities associated with these investments are held in custody by the client or the issuing organization, and NorthStar will not have custody. NorthStar will, however, monitor the transactions related to these investments and provide administrative assistance with record- keeping, capital calls, interest and dividends received, and return of principal. The client directs the issuer to provide NorthStar with copies of all correspondence from the issuers.

### **Portfolio Management Services**

NorthStar provides portfolio management and investment advisory services primarily to individuals, high net worth individuals or families, and non-profit organizations. The firm manages client assets based on the individual goals, objectives, time horizon, and risk tolerance of each client.

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients’ needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

We may also offer non-discretionary portfolio management services. 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. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

In providing account management services, we accept client restrictions on the specific securities or the types of securities that may be held in your account.

### **Donor Advised Fund Services**

Some NorthStar clients will establish donor advised funds through a third-party charitable program. The funds will be managed in accordance with the specific investment policies and guidelines of the Charitable Platform. Clients will establish a donor advised account, transfer funds earmarked for charitable donation and recognize a tax deduction in the year that funds are transferred into an account opened on a Charitable Platform. The funds remain in such account until the client designates a charity, an amount and a date to donate to such charity.

Under independent advisor programs established within the Charitable Platform, donors nominate an independent investment adviser, which could include NorthStar, to manage accounts established on the Charitable Platform. If nominated, NorthStar will manage the donor's account pursuant to investment guidelines established by the Charitable Platform.

### **Wrap Fee Program(s)**

NorthStar manages accounts in wrap fee programs sponsored by third-party financial services firms (typically broker/dealers). NorthStar has entered into an agreement to participate as an outside investment manager in Morgan Stanley's Investment Management Services ("IMS") program. In a wrap program, NorthStar acts as an outside manager with the custodian handling all transactions. A wrap fee program is an investment advisory program under which a client typically pays a single fee to the sponsor based on assets under management. Fees paid are not based directly upon transactions in the client's account or the execution of client transactions. The program sponsor determines the fee to charge to the wrap fee program clients and has primary responsibility for client communications and service. NorthStar provides investment management services. The program sponsor is typically the executing broker/dealer of client portfolio transactions, and in most cases, provides custodial services for the client's assets for the single fee paid by the client to the sponsor. Wrap fee accounts are considered directed brokerage accounts. When determining whether to participate in a wrap fee program you should consider, among other things, our brokerage practices and the fees charged by the program sponsor in relation to the expected trading volume. (Item 12 provides more information about our brokerage practices, including our treatment of directed brokerage accounts.)

Payment of advisory fees to NorthStar and wrap fees to the sponsor will increase overall costs. Therefore, performance will differ in these "wrap fee" arrangement portfolios in comparison to other like managed portfolios. We choose investments and manage the accounts of clients in the wrap fee program the same way we manage other client accounts in similar strategies, and these clients have the same access to their portfolio managers as all other clients. However, because wrap fee programs are often offered by or connected to a broker-dealer, we will use that broker-dealer when placing trades for those accounts.

### **Sub-Adviser Services**

We offer sub-advisory services to unaffiliated registered investment advisers (the "Primary Investment Adviser") where we manage assets delegated to our firm by the Primary Investment Adviser. We are responsible for the overall management of the assets delegated to our firm, but we will not communicate investment recommendations or selections directly to the Primary Investment Adviser's individual clients. The Primary Investment Adviser is responsible for identifying the underlying client's investment objectives and risk tolerances, and for selecting the model in which assets are invested.

## **Types of Investments**

We offer advice on equity securities, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, variable annuities, United States government securities, and ETFs. Additionally, we may advise you on various types of investments 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.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflict with the advice we give to other clients regarding the same security or investment.

At NorthStar we incorporate, to the best of our ability, legal and tax information from your other financial advisors including accountants, lawyers, outside trustees, financial planners, and real estate advisers. Our hope is that by maintaining contact with your outside advisors, with your express permission, the investing and allocation in your NorthStar account will reflect the entirety of your financial goals. We have close working relationships with several lawyers and accountants and can provide our clients with referrals if necessary. We do not receive any referral fees or compensation of any kind for our recommendations. Each year we consolidate 1099s, charitable giving records, fee reports, capital gains, etc. for many of our clients who request this, mail this information to the client's tax adviser, and consult with the adviser until the return is filed as necessary.

### *IRA Rollover Considerations*

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because the people providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. If you are considering rolling over your retirement funds to an IRA for us to manage, your advisor will review important points for your consideration before you do so. It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Assets Under Management**

As of December 31, 2024, NorthStar's total discretionary client assets under management were \$727,310,291.

## Item 5 Fees and Compensation

NorthStar clients are charged a NorthStar annual management fee of a maximum of 1% of assets under management.

Our fee schedule is as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>
Up to \$1,000,000	1.00%
\$1,000,001 through \$5,000,000	0.90%
\$5,000,000 through \$25,000,000	0.75%
Above \$25,000,000	negotiable

Charitable institutions pay a maximum fee of .75% for all assets under management.

Household accounts will be bundled in accordance with the investment advisory agreement and the fee schedule reflected above.

Fees are based on the net asset value of accounts, assessed on the end of the last business day of each calendar quarter in arrears and are calculated based on the value of the client's investment account managed or advised by NorthStar. When a new account is opened, fees are pro-rated for the portion of the quarter that the assets were managed.

Our advisory fees are debited directly from the client accounts held with the custodian, per the NorthStar client agreement, unless otherwise instructed. Outside Investments in Investment Management accounts may not appear on the monthly custodial statements but are included in the fee calculation. Outside Investments that are equity based, are billed either on the cost basis of the investment, or on a valuation determined by the issuer if we are provided periodic valuation statements for the holding. Outside Investments that are fixed income based are billed based on the cost basis of the investment. NorthStar clients receive custody, trading, monthly statements, and transaction reports directly from their custodian. It is possible that some clients may pay more or less than other clients for the same service. Clients are encouraged to review their custodial statements and promptly report any discrepancies.

NorthStar may, at its discretion, reduce or waive minimum investment requirements, fees or trading costs. We reserve the right to require account minimums, impose higher minimums for portfolios, terminate accounts that fall below the minimum established requirements, or require that additional funds or securities be deposited to bring an account value up to the required minimum. We may waive account advisory fees or account minimums for employee, employee related, and affiliate employee accounts.

### **Sub-Advisory Services for Registered Investment Advisers**

Fees and payment arrangements are negotiable and will vary on a case-by-case basis. The specific sub-advisory fee charged will be specified in the Sub-Adviser Agreement signed by the Primary Investment Adviser.

### **Fees Charged by Financial Institutions**

In addition to advisory fees, clients may incur other fees and expenses such as trading fees, custody fees, wire transfer fees, trade away fees or electronic fund transfer charges, charges imposed directly by an ETF, safekeeping fees, transfer taxes, or other miscellaneous fees, in connection with specific



services provided by the custodian(s), third party manager(s) or other service providers.

### **Wrap Fee Programs**

The fees described in the Brochure do not include information for investment management provided through the Morgan Stanley Program. The terms of each client's account in a Wrap Program are governed by the client's agreement with the Program sponsor and disclosure document for the Wrap Program (Form ADV 2A Appendix 1 Wrap Fee Brochure). Wrap Program clients are urged to refer to the sponsor's disclosure document and client agreement for more information about the Wrap Program. The fees for a Wrap program may result in higher costs than a client would otherwise realize by paying standard fees and negotiation separate arrangements for trade execution, custodial and consulting services. Wrap Programs typically pay a fee to the Program Sponsor based on assets managed through the program.

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

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 of a 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 and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

NorthStar manages assets for individuals, families, trusts, and not-for-profit organizations who are interested in socially responsible investing. Many of our individual clients have inherited wealth, and consequently they have tax planning and estate planning needs. We prefer to accept Investment Management clients with portfolios greater than \$5,000,000, although at our discretion, we may also accept clients whose portfolios are less than \$5,000,000.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

We also offer sub-advisory services to other unaffiliated investment advisers.

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

Investment Management clients of NorthStar Asset Management, Inc. have a personalized portfolio with tailored allocations. The percentage allocation to each investment is based on a combination of the individual needs of the client and our market and strategic outlook. We adjust a client's asset allocation based on our current economic analysis and their liquidity needs and investment horizon.

### **Responsible Investing**

Since its inception, NorthStar has always focused on socially responsible investing (SRI) based on metrics we've established as a firm. NorthStar's mission is to provide the most integrative and effective portfolio management available by connecting social concerns to stock selection, asset allocation, and activism. Our goal is to engage along the whole spectrum of financial activity, from equities to loans and loan guarantees, to supporting local businesses, finding private alternatives, and finally through philanthropy, to effect change.

We believe that creative shareholder engagement, local investing, financial literacy, and targeted giving are positive forces for change. We also believe that intentionally and purposefully perpetuating the wealth gap and income inequality is wrong. When NorthStar portfolios include public equities, we use a fundamental analysis approach for social and environmental issues to avoid investing in companies with what we view as poor track records by screening potential investments considering five pillars we believe are important: race and gender, economic inequality, human rights, corporate governance, and environmental justice.

We also use shareholder activism to focus on our five target pillars (racial justice and gender equity, economic inequality, human rights, environmental justice, and corporate governance) and to address a variety of sub issues within our five core pillars such as executive compensation, predatory lending, inequity in nondiscrimination policies, the human right to water, environmental impact, and other social and environmental concerns. Our Social Change and Activism Annual Report is available upon request.

For information regarding the risks associated with socially responsible investing, please see the section titled "Other Risks."

### **The Decision-making Process for Investment Management Accounts**

Steps in the investment decision-making process are as follows:

#### **Step 1: Asset Allocation**

Each Investment Management client at NorthStar has tailored allocations. We set an overall asset allocation for each account based on a combination of the individual needs of the client, legacy considerations, and our market outlook. Our priority is to have each portfolio reflect the desires of the client as we understand them, with respect to their social concerns and financial needs. We endeavor to control risk by evaluating asset allocation on a periodic basis. We adjust an individual's asset allocation based on our current economic forecast, combined with that client's liquidity needs and investment horizon.

The overall asset allocation for each account is reviewed annually, although individual investments are reviewed on a regular and continuous basis. Changing market conditions, client needs, and changes in the client's situation or ability to tolerate risk may require additional adjustments to asset allocation.

#### **Risks to Asset Allocation**

Although we use asset allocation strategies to attempt to reduce risk, adverse changes in general economic conditions, inflation or deflation, interest rate changes, monetary policy changes, legislative actions, tax law changes, market volatility, and other risks could cause financial loss. All investing involves risk, including the possibility of loss.

#### **Step 2: Public Equities**

The public equity portion of our client portfolios consists of approximately 40-45 companies from around the globe, selected to provide risk diversification across market capitalization, size, and industry sectors relative to a global benchmark, with the goal of adding alpha through idiosyncratic stock performance. With a long-term horizon, we purchase public equity with an intended holding period of five to ten years. The equity portion of our client portfolios is comprised of individual stock holdings, which we call our "NorthStar Global Equity portfolio." These stocks generally range in market capitalization from under \$1 billion to over \$150 billion. The equity benchmark is MSCI All Country World Index.

We believe that prioritizing short-term financial returns to shareholders can compromise the fair and equitable treatment of a company's employees, suppliers, and customers; it can compromise a company's long-term planning, research, and development; and it can be at the expense of the

environment. Rather than expecting companies to minimize expenses to leave a higher profit for shareholders, we rearrange the financial equation so that all constituents, including shareholders, are on the same side. This encourages us and the companies with which we engage to consider what a fair allocation of business revenues would look like rather than trying to minimize expenses, externalize costs, and defer capital outlays to increase the residual (return to shareholders). We do our best to avoid direct investments in gaming, tobacco, fossil fuel producers, weapons manufacturers, or nuclear energy, and companies with a track record of funding what we view as oppressive organizations through their philanthropy. No investment is perfect, and no company is considered “socially responsible” and this is particularly true of public equity. While we screen companies on their performance relative to Race and Gender, Economic Inequality, Human Rights, Environment and Safety, and Corporate Governance, we do not “score” companies. Rather, we keep track of issues that we believe are problematic. We engage with companies in our Global Equity portfolio through targeted shareholder activism (filing shareholder resolutions and directing proxy voting) to address what we view as problematic behavior or communicate with them as we become aware of issues that conflict with our five-pillar framework. We are not able to file shareholder resolutions at companies outside of the United States. While there are some publicly traded stocks that NorthStar would never hold, there are also companies that we feel perform important social functions that impact the lives of stakeholders throughout the globe. From time to time, NorthStar makes a strategic decision to place a company in our Global Equity portfolio that meets our financial criteria but merits improvement from our socially responsible perspective.

### **Shareholder Activism and Corporate Engagement**

Across our portfolio of investee companies, environmental, social, and governance issues require the attention of active investors. These concerns are ever evolving as companies react to public policy changes, political environments, worldwide human rights and environmental developments, and much more. We regularly update our Proxy Voting Guidelines to present our perspectives on these issues as related to both investment screening and proxy voting decisions. These are readily available upon request. As long-term investors, NorthStar views shareholder activism as a vital tool to protect our clients’ public equity investments, as well as a fiduciary duty to address broad social, environmental, and governance issues that concern our clients. Shareholder activism remains integral to our core purpose as a company – to effect social change. Learn more on our [Creating Change](#) webpage.

### **Risks of Public Equity Investing**

Investing in stocks involves the risk of loss that clients should be prepared to bear. Equity investment risks include, but are not limited to, changes in revenue, margins, earnings, dividends, cash flow, balance sheet, leverage, liquidity, solvency, legal matters, negative publicity, brand image, and general market volatility.

### **Step 3: Fixed income**

Our fixed income investments are selected from a pool of individual federal agency bonds, certificates of deposit, treasuries, inflation protected treasuries, municipal bonds, and corporate bonds. We select bonds that mature within a time horizon with which we feel comfortable given current bond yield curves, with the goal of holding them until maturity. We match bond selections with the specific needs of each Investment Management client. For some clients we include fixed income investments such as community loan funds, micro-loans, corporate bonds, and other “outside” investments. We regularly seek out fixed income opportunities that have stated social or environmental benefits, such as green bonds, social bonds, or women-focused bonds. The fixed income benchmark is Bloomberg US Government Intermediate Bond Index with 1 to 10 years to maturity.

### **Risks of Fixed Income Investing**

The safety of bonds, CD, and money market accounts cannot be taken for granted. Adverse changes include credit risk, interest rate changes and the yield curve, inflation, default, monetary policy changes, government instability, and other risks.

#### **Step 4: Cash and Cash Management**

We periodically review each client's cash flow needs in light of the interest rate environment and the client's risk tolerance in order to recommend an appropriate target percentage for cash held in the portfolio. The cash benchmark is the Treasury Bill (U.S.) 90 Day (Yield).

#### **Risks of Investing in Cash:**

Although often thought of as safe, the risk to investing in cash includes currency valuation, interest rates, inflation, institutional default and other risks.

#### **Step 5: Outside Investing**

Often, based on individual risk tolerance as determined on a case-by-case basis with an Investment Advisor, clients add non-publicly traded investments to their existing portfolios. These "outside investments" in NorthStar client portfolios may consist of private equity investments, real estate investment trusts, private limited partnerships, community loan funds, micro-lending products, private loans and certificates of deposit. These investments are made in response to a client's desire to have a more direct relationship with an organization or impact on a project in their community or area of interest. These investments are often in the form of community loan funds, micro-lending corporate bonds, and innovative private equity investments that align with client and NorthStar values. NorthStar monitors and facilitates transactions related to these investments as part of the management process, providing recordkeeping, funding capital calls, and depositing interest, dividends and return of principal, all with written authorization from the client.

#### **Risks of Outside Investing:**

Outside Investments are privately placed with various types of entities, as described above. In addition to the risks of equity, (which include, but are not limited to, changes in revenue, margins, earnings, dividends, cash flow, balance sheet, leverage, liquidity, solvency, legal matters, negative publicity, brand image, and general market volatility) and the risks of fixed income investing (such as credit risk, interest rate changes and the yield curve, inflation, default, monetary policy changes, government instability, and other risks), Outside Investments are typically illiquid.

#### **Portfolio Risk**

While we do our best to create positive returns in our client portfolios, all investments involve risk of loss. A clear understanding of your tolerance for risk is essential before choosing to work with any asset manager. We do not guarantee returns and cannot eliminate risk in any portfolio under our management. In addition, while we do our best to create portfolios that meet our social criteria, we cannot guarantee compliance of our social guidelines by the companies in client portfolios.

#### **OTHER RISKS**

##### **Business Continuity**

NorthStar has developed a Business Continuity Program ("BCP") designed to minimize the impact of certain disruptions to NorthStar's ability to conduct business. Clients should be aware that disruptions include public health emergencies, including pandemics, for example, COVID-19, which can have a significant impact on NorthStar and the health of its personnel, its clients and client portfolios and could adversely impact a client's ability to meet its investment objectives. In addition, the operations of the Adviser may be impacted because of government or Advisor quarantine measures, including voluntary or precautionary. Other disruptions include terrorism, acts of governments, power shortages or failures or other malfunctions. Although there is no guarantee the BCP anticipates all disruptions it is designed to allow NorthStar to resume business operations in a timely fashion. Service providers may also be impacted by these disruptions and are subject to the same risks. These risks faced by NorthStar, and its service providers, may result in a negative on client portfolios if there is an inability to process transactions, calculate net asset values or trade in client accounts.

## **Cybersecurity Risks**

NorthStar relies on certain technology to conduct business. As such, NorthStar is susceptible to operational, information security and related risks. Cyber incidents may be intentional or unintentional and can eliminate or limit NorthStar's ability to conduct operations. These incidents include but may not be limited to denial-of-service, phishing, hacking, or unauthorized access. Additionally, certain systems may malfunction due to natural disasters, misconduct by employees or service providers, or user error. In addition, in the event a cyber incident is directed at one of NorthStar's service providers holding its financial or investor data, the Advisor and its clients may be at risk of loss despite NorthStar's efforts to prevent and mitigate such risks. Importantly, there is a possibility that all risks have not been identified as technology is constantly evolving. NorthStar has an IT continuity plan to mitigate cybersecurity risks as much as possible.

## **Data Source Risks**

NorthStar utilizes a variety of third-party data sources, including issuer provided information that are used to evaluate, analyze and formulate investment decisions. If these third parties provide inaccurate data, client accounts may be negatively affected. While NorthStar believes its third-party data sources are reliable, there is no guarantee that the data received is accurate.

## **Government or Market Regulation Risks**

Disruptions to the market and the increase in capital allocated to private funds, alternative investment strategies and socially responsible investments have led to increased scrutiny from regulators and the government. The Securities and Exchange Commission, Congress, state legislatures, and state securities administrators could impose additional regulation and disclosure on investment strategies or portfolios that claim to rely on environmental, social or governance (ESG) factors within its investment analysis.

## **Socially Responsible Investing Risks**

Investing your portfolio in socially responsible investments carries the risk that under certain market conditions, the investment strategy may not perform as those that do not utilize a social change strategy. The application of this strategy will limit a client's exposure to certain sectors or types of investments. When NorthStar evaluates certain investments, it is dependent on information and data which may be incomplete, inaccurate, or unavailable, which could negatively impact the analysis of its social or environmental impact.

**Artificial Intelligence Risk:** We may use artificial intelligence ("AI") in our business operations, in order to promote operational efficiency and augment our client service. We currently do not knowingly utilize AI in our investment selection process or to formulate the investment advice we render to you. AI models are highly complex and may result in output that is incomplete or incorrect. Our use of AI includes certain third-party technologies aimed at driving operational efficiency by automating meeting prep, meeting notes, CRM updates, meeting recap notes, task management, and other client service related functions. We believe the use of this technology allows us to reduce administrative time, prepare for client engagement, and improve overall client experience. The use of AI poses risks related to the challenges the Company faces in properly managing its use. Content generated by AI technologies may be deficient, inaccurate, or biased, and the use of AI tools may lead to errors in decision-making. Use of AI tools could also pose risks related to the protection of client or proprietary information. Such risks may include the exposure of confidential information to unauthorized recipients, violation of data privacy rights, or other data leakage events. For example, in the case of generative AI, if confidential information, including material non-public information or personal identifiable information is input into an AI application, such information is at risk of becoming part of a dataset accessible by other AI applications and users. The regulatory environment relating to AI is rapidly evolving and could require changes in our adoption and implementation of AI technology in the future. The use of AI may also expose us to litigation risk or regulatory risk.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

NorthStar does not have any financial industry affiliations.

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

To manage any potential conflicts of interest involving personal trades, NorthStar has adopted a formal Code of Ethics, which includes formal Personal Securities Trading policies and reporting procedures and provides training on an annual basis. If you would like to review the full Code of Ethics for NorthStar, please let us know, and we will send that section of our compliance manual to you upon request and free of charge.

### Ethical Principles

In addition to NorthStar's formal Code of Ethics, we require, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession, the interests of clients, and the interests of NorthStar above one's own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect positively on themselves and on NorthStar;
- Promote the integrity of, and uphold the rules governing capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals;
- Employees are expected to take full responsibility for all aspects of their jobs with wisdom and integrity while exhibiting superior judgment and respect for confidentiality in all company matters.

Employees of NorthStar Asset Management, Inc. are required to clearly understand the values of the company and to follow rules created by the Securities and Exchange Commission to protect our clients and our reputation as an investment company charged with overseeing and investing our clients' assets.

Many of our clients are members of family groups: spouses, husband and wife, siblings, parents and children, cousins, etc. Under no circumstances are supervised persons allowed to share any information, even if it is apparently of joint knowledge among both parties, with any other related party without explicit permission from all parties. This includes and is not limited to conversations about tax status, estate planning, charitable giving, cash flow analysis, investment goals or casual conversation about other, non-financial matters.

### **Participation or Interest in Client Transactions**

We do not have any participation or interest in client transactions, nor do we participate in internal cross-transactions.

### **Personal Trading Practices**

Our firm, or persons associated with our firm, may buy or sell the same securities that we recommend to you or securities in which you are already invested. 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 mitigate 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.

### **Aggregated Trading**

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 our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the Brokerage Practices section in this brochure for information on our aggregated trading practices.

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.

### **Insider Trading**

NorthStar has procedures in place to comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. All employees, including contract, temporary, part time or any other associated persons are strictly prohibited from trading or recommending trading in securities for any account (personal or client) while in possession of material, non-public information about the issuer of the securities. They may not communicate non-public information about the issuer of any securities to any other person under any circumstance.

## **Item 12 Brokerage Practices**

Though NorthStar may make a recommendation, clients may choose from among the custodians with whom NorthStar works. Some of the factors that NorthStar may consider when recommending a custodian include but are not limited to the following:

- Cash management experience
- Type and level of service provided
- Amount of assets under management
- Clients comfort with technology resources provided
- Costs
- Operational effectiveness

We discuss these factors with each potential client so that we can offer them advice on the appropriate custodian choice for them. Your assets must be maintained in an account at a "qualified custodian,"

generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage Practices for Investment Management Clients**

Investment Management clients typically have their investment assets held either at Morgan Stanley (when opting for a Wrap Fee Program), or at Charles Schwab.

In placing trades in our Investment Management client accounts, we primarily transact through the custodian, but occasionally we will opt to purchase a security from an outside source. When a client chooses to have their account held at a custodian other than Morgan Stanley or Charles Schwab, the custodial/trading fees of that custodian will apply.

Where possible, we bundle trades to receive best execution. For example, if we are buying 100 shares of a stock in one account, 1000 shares in another, and 5 shares in a third account, we will submit an order with the trader to buy 1105 shares of the stock. We will then split the executed buy between the 3 clients. This allows the client who is buying 5 shares to receive the same price as the client buying 1000 shares. If we enter a bulk order at a limit price that is not fully executed, we will allocate the shares proportionately to each client, based on the percentage of the overall trade that their desired shares represent. In this way, we do not give preferential treatment to any one client. We will then re-enter the trade the next day and the next until all shares have been executed. We also employ a systematic trade rotation process across custodians and taxable and non-taxable accounts during our quarterly rebalance process.

We do not have any “soft dollar” arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firms. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **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.

### **Directed Brokerage**

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 aggregating trades with other client accounts or 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.

### **Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory



accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, non-wrap accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. If you participate in our wrap fee program described above, you will not pay any portion of the transaction costs in addition to the program fee. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

We review each account at least quarterly. Client accounts are grouped together and reviewed by the portfolio management team. Our Research Analysts and other investment personnel may also attend reviews. Asset allocation, including cash positions, is evaluated based on the client's individual needs (income needs, charitable giving, taxes, etc.).

### **Investment Management Account Reviews**

We adjust our "buy list" periodically, and this may necessitate trimming partial or entire positions of one security and replacing that security with another. These decisions are made separately from the quarterly review process and tend to occur as a result of changing market conditions, risk analysis or a fundamental shift in our economic outlook or conditions at the company.

Clients receive access to their client statements via a client portal or receive a printed account statement and a letter from NorthStar Staff. The client may consult with the CEO, Client Services, and/or their Investment Advisor at any time regarding their account status. The NorthStar account statements list individual holdings by category, including individual and aggregate values. The quarterly letter includes NorthStar's general economic and investment outlook and a comparison of NorthStar's overall client composite performance to the appropriate benchmarks. Clients also receive normal and customary custodian brokerage account statements, which should be reviewed carefully.

### **Outside Investing Reviews**

Outside Investments are monitored and assessed annually. Clients receive quarterly reports consisting of a printed or electronic account statement and a letter from NorthStar Staff. The client may consult with NorthStar at any time regarding their account status. The NorthStar account statements list individual holdings, the amount that has been invested, and the current valuation of each investment (as provided by the issuer). The quarterly letter includes NorthStar's general economic and investment outlook and a comparison of NorthStar's overall Investment Management composite performance to the appropriate public market benchmarks. Outside Investing account holdings vary widely from client to client and are not priced in public markets. NorthStar does not maintain composites for Outside Investing assets under management.

## Item 14 Client Referrals and Other Compensation

Our firm does not compensate any party for client referrals.

## Item 15 Custody

At this time, Investment Management clients hold their stock, bond, and money market assets at a qualified custodian outside of NorthStar. The choice of custodian is determined with the client at the beginning of their relationship with NorthStar. All clients with investments in community loan funds or other non-traditional equity or debt investments (Outside Investments) will either hold securities themselves or the securities will be held by the issuer based on the client's election. NorthStar does not have custody over these securities but will track and report these securities.

Under SEC Rule 206(4)-2, NorthStar may be viewed for regulatory purposes as having custody of certain client assets, if we or any of our personnel serves as trustee for an account, or if we have transactional access to an account, such as in the case of some managed Fidelity Giving Accounts, Schwab Giving Accounts, or other Donor Advised Accounts, where grants are made on behalf of a client. We describe our custody situations below.

Clients will receive monthly account statements directly from the custodian and quarterly statements from Fidelity Giving Accounts. If a client has a different custodian, they are required to send statements at least quarterly, and NorthStar receives duplicates of these statements. These statements will be sent to the address provided by the client and will be made available electronically upon request.

Clients are encouraged to carefully review all statements promptly when they receive them. We also urge clients to compare these account statements with the quarterly reports they will receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities. All custodial statements will generally exclude non-publicly tradable securities.

Should clients have any questions about discrepancies, they should notify us and/or their custodian as soon as possible. All accounts for which we are deemed to have custody are subject to an annual surprise audit by an independent accounting firm.

### **Debiting of Fees**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Trustee Services**

For a small number of client accounts and based upon the length of the client relationship and other factors, Julie Goodridge acts as a trustee or co-trustee of client-created trusts. Because of her trustee status, the Firm is considered to have custody of the underlying trust assets. All of these trust assets are held at a qualified custodian for safekeeping. Pursuant to applicable regulations, the assets of the trust accounts are subject to surprise annual examination by an independent auditing firm. NorthStar has written policies and procedures in place to mitigate the risks of having access to client funds.

Where any supervised person of the firm acts as trustee for an advisory client only as a result of a family or personal relationship (and not as a result of employment with our firm), or there is a co-trustee that is an independent qualified custodian, we are not deemed to have custody.

Based on the fact that our firm is deemed to have custody under SEC Rule 206(4)-2, we are subject to an annual surprise independent examination by a qualified certified public accountant.

## Item 16 Investment Discretion

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

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid 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. Refer to the Advisory Business section in this Brochure for more information on our discretionary management services.

For non-discretionary engagements, we must obtain your consent to effect transactions in your account.

## Item 17 Voting Client Securities

We outsource proxy voting on behalf of our Investment Management Clients, and this firm simplifies the processing of institutional proxies and assists us with voting and record keeping. Ultimately, however, it is our responsibility to ensure proxies are voted in alignment with our Proxy Voting Guidelines. It is the firm's policy to monitor events affecting the issuers as required to cast informed votes and to exercise its voting authority in a manner consistent with the best interest of the client, including aligned with firm and client social and environmental goals. In some cases we may abstain. Unless otherwise instructed by the client, NorthStar instructs our outside proxy voting service to adhere to our [Proxy Voting Guidelines](#) which are updated regularly as new issues arise. We are required by applicable law to keep records in connection with our proxy voting activities and these proxy voting records are available upon request and updated annually. If a client has a particular interest in a proxy issue facing a holding in their portfolio, they should communicate directly with us so that we can discuss and request the service to vote the shares according to the client's wishes. Additionally, if you would like information regarding the result of our vote on your behalf, please send us an email at [clientservices@northstarasset.com](mailto:clientservices@northstarasset.com) or give us a call at 617-522- 2635.

## Item 18 Financial Information

NorthStar is an S Corporation registered with the State of Massachusetts. NorthStar has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. NorthStar does not require or solicit prepayments of more than \$1200 from clients six months or more in advance.