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## Northlake Capital Management, LLC

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### **Form ADV Part 2A – Firm Brochure**

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Dated March 03, 2021

This brochure provides information about the qualifications and business practices of Northlake Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 847-226-9713. 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 Northlake Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Northlake Capital Management, LLC is 132006.

Northlake Capital Management, 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

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There have been no material changes since the last annual updating amendment, dated February 19, 2020.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## Description of Advisory Firm

Northlake Capital Management, LLC's registration was originally registered in year 2004 with the state of Illinois, Department of Securities. The firm then became registered with the United States Securities and Exchange Commission but is now Illinois registered once again due to the statutory mandates of the Dodd-Frank Bill. Steven Perry Birenberg (CRD Number 2594169) is Managing Member and Chief Operating Officer of the firm. Mr. Birenberg owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. Client assets are managed on an individualized basis. The firm does not sponsor any wrap programs. As of December 31, 2020, the firm managed on a discretionary basis \$51,592,813 and \$0 on a non-discretionary basis.

Northlake Capital Management, LLC provides traditional investment management services for publicly traded securities including U.S. listed stocks and ADRs and taxable and tax-exempt bonds. Services provided include discretionary investment management of client accounts based upon agreed to investment objectives and guidelines. Northlake consults with clients to determine objectives, guidelines, asset allocation and risk parameters. All of applicant's total advisory billings shall be attributable to the provision of investment supervisory services. There are no financial planning services, per se, offered or provided to clients. Mr. Birenberg also may be compensated for articles which are published on certain websites. Within the definition of investment supervisory services, Northlake may from time-to-time furnish investment advice on a one-time basis for a flat fee. Northlake provides one-time investment management consulting and financial planning services, independent of traditional investment management services, for a fee negotiated on a case-by-case basis. Northlake regularly posts research commentary on its website.

The firm does not have a minimum net worth requirement before taking a client. Portfolio management services are provided on both a discretionary and nondiscretionary basis, depending on the account and the client involved. The firm will suggest portfolios to clients as part of the management process.

## Item 5: Fees and Compensation

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Advisory clients will be charged up to one (1%) percent of assets under management to \$5,000,000. Accounts in excess of \$5,000,000 will be charged a lower negotiated fee. All fees are negotiable. Fees are payable quarterly in arrears.

At times, clients may have a consultation with Mr. Birenberg based on comments made in his blog on his website. In these cases, the minimum fee to be paid by clients of Northlake Capital Management, LLC will be \$1,000. Termination must be provided in writing by the client. This is a subscription fee and will be offered to all clients.

No fee shall be based upon capital gains or upon capital appreciation of assets. Fees are payable quarterly in arrears. Fees are generally negotiable. In addition to paying an advisory fee, clients invested in mutual or exchange traded funds will bear a proportionate amount of the operating expenses of the various funds in which they are invested, including management fees that are paid to the funds' advisers.

Northlake regularly posts research commentary on its website. A subscription to the website is available for a fee of \$250 per quarter for clients who do not purchase traditional investment management services.

An advisory client has a right to terminate the contract/professional relationship without penalty within five (5) business days after having entered into the advisory contract. If and when a client terminates, unearned/unapplied fees shall immediately be refunded on a pro-rata basis.

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

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The firm does not charge fees based upon capital gains or based upon capital appreciation of assets.

## Item 7: Types of Clients

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Northlake clients include individuals, trusts, estates, individual retirement plans, and charitable organizations.

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

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Methods of securities analysis shall be fundamental analysis and technical analysis.

Investment strategies shall be long term purchase (securities held at least a year), short term purchases (securities sold within a year), trading and option writing.

All securities carry a risk of loss.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

There is no disciplinary history to report.

### **Administrative Enforcement Proceedings**

There is no disciplinary history to report.

## Self-Regulatory Organization Enforcement Proceedings

There is no disciplinary history to report.

# Item 10: Other Financial Industry Activities and Affiliations

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Steven P. Birenberg controls 71.875% of Trevian Partners, LLC and is managing member of the LLC. Trevian is the General Partner of Entermedia Growth Partners, LP and Entermedia Tax-Exempt Partners, LP. The LP entities are long/short equity hedge funds focused on media, entertainment, communications and related technologies. Steven P. Birenberg has personal monies invested in Tax-Exempt Partners and a small investment in Growth Partners via Trevian's General Partner investment in the Fund.

Northlake, Trevian and the Entermedia Funds are separate legal entities. No formal relationship exists between Northlake and Trevian or Entermedia. Northlake, Trevian, and Entermedia share office space and certain expenses. Expense savings accrue to the benefit of Northlake. Additional research products and other resources obtained through Trevian and Entermedia were not previously available to Northlake and accrue to the benefit of Northlake's clients.

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

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Northlake, in compliance with SEC Rule 204A-1, has adopted a written Code of Ethics which outlines what steps the chief compliance officer of the firm has adopted in order to monitor personal securities transactions. A copy of Northlake's Code of Ethics is available to any and all clients and prospective clients upon request.

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

As described in Item 10 above, our affiliated entity, Trevian Partners, LLC, serves as General Partner to Entermedia Growth Partners, LP and Entermedia Tax-Exempt Partners, LP. When appropriate for the client, all or a portion of client assets may be invested in either fund as part of our investment management services. Clients have the right, at any time, to prohibit us from investing any of their managed assets in the funds. Northlake Capital Management does not bill an advisory fee for assets invested in these funds.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Employees of Northlake Capital Management, including Steven P. Birenberg, may buy or sell for themselves securities that are recommended to clients. Client transactions are given priority. Employees of Northlake

may conduct securities transactions simultaneously with clients of Northlake provided employee transactions are part of same order being executed for clients. Should multiple prices be executed during order, clients will always receive the best price. Employee commissions will be no lower than client commissions. Securities held by Northlake employees are available to clients on request at any time.

Due to differing investment objectives and risk profiles, it is possible that trades in the personal accounts of Steven P. Birenberg and employees may be opposite of trades being completed in client accounts on the same day or within several days of client trades. Trades in personal accounts of Steven P. Birenberg and employees may also be more frequent due to differing investment objectives and risk profiles. Steven P. Birenberg and employees may also trade in securities not owned by client accounts or that are eventually owned by client accounts.

Northlake is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. The firm maintains a firm wide policy statement as well as Procedures to Implement statement which outlines how material nonpublic information will be protected and will not be traded upon by any associated person.

## Item 12: Brokerage Practices

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Northlake generally requires that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., a registered broker/dealer, member SIPC, to maintain custody of client assets and to effect trades for their accounts. Northlake is independently owned and operated and not affiliated with Schwab. Schwab provides Northlake with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge, as long as a total of at least \$10 million of the adviser's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent on adviser committing to Schwab any specific amount of business (assets in custody, trading volume, or commissions). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

For Northlake clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

In situations in which Northlake may refer clients to dealers other than Schwab, the firm shall only refer clients to dealers registered in states where the client resides.

Clients of Northlake make the final decision on which custodian to use although Northlake strongly encourages all clients to use Schwab. For clients that use Schwab for custody, Northlake retains the right to complete trades with other brokers even if a trade away fee applies and trading commissions would be higher.

If clients choose a custodian besides Schwab or require trades to be directed to a particular broker or brokerage firm, clients may incur higher custody and trading fees.

In the event that multiple custodians exist for Northlake clients, trading priority will always be given to accounts maintained at Schwab. This means that buy and sell orders across multiple custodians will be entered and executed first at Schwab.

Steven P. Birenberg and Tim Fodor are the sole employees of Northlake with access to the trading platforms of custodians used by Northlake clients and are the sole employees with the authority to make trades.

From time-to-time Northlake may make an error in submitting a trade order in client accounts. When this occurs, Northlake may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Northlake will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Northlake will complete block trades covering more than one client account for clients who use Schwab for custody. Clients not using Schwab will not be eligible for block trades. In the event that a block trades receives a partial fill, Northlake will allocate the filled portion of the trade in a random manner from trade to trade. Possible random assignments will include random sorts and starting at the beginning or end of the alphabet. Size of specific client allocations relative to the partially filled order will also be taken into account with smaller orders given preference. The ability to provide a specific client with a complete fill so as to avoid multiple trades and multiple commissions will also be taken into account during the allocation process. Accounts for the immediate family of Steven Birenberg will generally be excluded from partial fill allocations until all non-family accounts have received complete fills.

Schwab also makes available to Northlake other products and services which may benefit Northlake but may not benefit its client accounts. Some of these other products and services assist Northlake in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution and allocation of aggregated trade orders for multiple client accounts; provide research, pricing information and other market data; facilitate payment of Northlake's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. These benefits may be referred to as "soft dollar benefits" and comply with Section 28(e) of The Securities Exchange Act of 1934.

Schwab Institutional also makes available to Northlake other services intended to help Northlake manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services

rendered to Northlake by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Northlake. While as a fiduciary, Northlake acts in its clients' best interest, Northlake's requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Northlake of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## Item 13: Review of Accounts

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All client accounts are reviewed continuously by the President of Northlake Capital Management. Reviews compare current investments to client goals, objectives, and constraints. Goals, objectives and constraints are determined in consultation with clients. Reviews also compare client accounts to current recommendations of Northlake's products and services. Reviews are conducted monthly upon receipt of client statements from custodians in addition to on an ongoing basis consistent with Northlake's daily analysis of investment securities and markets. Most clients receive a monthly statement from their custodian and a quarterly commentary from Northlake Capital Management. Northlake's quarterly report summarizes recent activity, provides insights into possible activity going forward and offers general commentary on subjects related to fluctuations in the financial markets.

## Item 14: Client Referrals and Other Compensation

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There is nothing to report under this item.

## Item 15: Custody

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Northlake Capital Management does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

For client account in which Northlake Capital Management directly debits their advisory fee:

- i. Northlake Capital Management will provide its fee instruction to the custodian at the same time that it sends the client a copy.
- ii. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The client will provide written authorization to Northlake Capital Management, permitting them to be paid directly for their accounts held by the custodian.

## Item 16: Investment Discretion

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Northlake Capital Management retains complete discretion to determine securities to be bought or sold and amount of securities to be bought or sold for client accounts unless client provides specific restrictions in writing. Securities and amounts to be bought and sold are determined by Northlake consistent with agreed to client goals, objectives and constraints.

## Item 17: Voting Client Securities

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If client requests, Northlake votes proxies on behalf of clients who use Schwab for custody based on established policies and procedures. In general, Northlake will always vote as recommended by company management. Northlake only completes proxy votes on individual securities purchased by Northlake on behalf of clients. Proxies related to holdings of exchange traded funds or unit trusts, or securities originally purchased by clients will not be voted. Northlake votes proxies for individual stocks not originally purchased by Northlake or purchased at client request only on a best efforts basis. There is no guarantee these proxies will be voted and such proxies will not be formally recorded in Northlake's proxy file. Clients may obtain a copy of Northlake's proxy policies and procedures upon request.

## Item 18: Financial Information

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The firm does not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

## Item 19: Requirements for State-Registered Advisers

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### **Steven Perry Birenberg, CFA**

Born: 1960

### **Educational Background**

- 1982 – Bachelor of Science, Business Administration, Miami University, Ohio

### **Business Experience**

- 06/2004 – Present, Northlake Capital Management, LLC, Managing Member and CCO
- 09/2009 – 12/2020, Entermedia Funds, Owner and Manager
- 05/1989 – 05/2004, Gofen and Glossberg, LLC, Partner and Portfolio Manager

## **Professional Designations, Licensing & Exams**

**Chartered Financial Analyst (CFA):** The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. It is designed to prepare charterholders for a wide range of investment specialties that apply in every market all over the world. To earn a CFA charter, applicants study for three exams (Levels I, II, III) using an assigned curriculum. Upon passing all three exams and meeting the professional and ethical requirements, they are awarded a charter.

## **Other Business Activities**

Steven P. Birenberg controls 71.875% of Trevian Partners, LLC and is managing member of the LLC. Trevian is the General Partner of Entermedia Growth Partners, LP and Entermedia Tax-Exempt Partners, LP. The LP entities are long/short equity hedge funds focused on media, entertainment, communications and related technologies. Steven P. Birenberg has personal monies invested in Tax-Exempt Partners and a small investment in Growth Partners via Trevian's General Partner investment in the Fund.

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## **Performance Based Fees**

Northlake Capital Management, LLC is not compensated by performance-based fees.

## **Material Disciplinary Disclosures**

No management person at Northlake Capital Management, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## **Material Relationships That Management Persons Have with Issuers of Securities**

Northlake Capital Management, LLC, nor Steven P. Birenberg, have any relationship or arrangement with issuers of securities.