Item 1. Cover Page

FORM ADV PART 2(A)

DISCLOSURE BROCHURE

March 30, 2023

Adviser Investments, LLC

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This Brochure provides information about the qualifications and business practices of Adviser Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 321-2200. Our website is www.adviserinvestments.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Adviser Investments, LLC is a registered investment adviser with the United States Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training. Additional information about Adviser Investments, LLC is also available on the United States Securities and Exchange Commission's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

There have been material changes since Adviser Investments, LLC ("Adviser," "Adviser Capital," the "Firm," "us" and "we") filed its last annual update on March 30,2022. Material changes are summarized below. We advise you to read each section referenced below in full. This brochure also contains non-material revisions to various items that have not been summarized in this section. If you have not reviewed our brochure recently, we recommend that you take time to review this brochure in full.

Summary of Material Changes

Adviser has expanded our investment offering to include alternative investments for our clients who meet the required standards to invest in this asset class. Please see Items 4 and 8 to learn more about our alternative investment solutions.

We have made adjustments to our standard fee schedule. Please see Item 5 for details.

In 2022, Adviser acquired Polaris Wealth Advisory Group, LLC, which is now a wholly owned subsidiary of Adviser. Please see Item 10 for details. We have also severed all ties to both unaffiliated, subscription based, newsletters that we have disclosed in previous versions of this Brochure. Because we no longer have a relationship with these newsletters, the disclosure has been removed from this Brochure. If you would like additional details, please contact our Compliance Department at the number below.

You can request a copy of our current brochure at any time, which we will provide to you free of charge, by contacting our Compliance Department at (617) 321-2200.

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Item 4. Advisory Business

A. The Firm and Principal Owners

Adviser provides wealth management services primarily to individuals and high-net-worth individuals. We have been in business since 1994. Certain investment vehicles advised by Summit Partners, L.P., an investment adviser registered with the United States Securities and Exchange Commission ("SEC") together are principal owners of the Firm. The Firm's founders and certain employees each individually continue to hold a minority ownership interest and have representation on the Firm's board of managers.

B. Types of Services Offered

We offer wealth management services to individuals, pension plans, profit-sharing plans, trusts, estates, charitable organizations, businesses, unaffiliated investment advisors, and third-party asset management platforms ("TAMPs"). Services available to clients include discretionary investment management, financial planning, tax strategies including return preparation and filing, risk management, and estate planning.

Investment Management

Our investment management services are generally carried out on a discretionary basis, meaning that we make trades without prior consultation with the client. Clients are apprised of trading through personal communications with representatives of the Firm, trade confirmations sent from the client's independent account custodian, and monthly account statements from the client's independent account custodian. We only consider non-discretionary management on a case-by-case basis.

The investment strategies we employ for clients typically use exchange-traded funds ("ETFs"), individual equities, individual bonds, mutual funds, alternative investments and variable annuities[1]. Not all clients necessarily use all of these types of investment products in their account. Product selection is determined by the strategy selected for use in each particular account. Strategy selection is based on each client's particular circumstances and instructions. Strategies available to clients include strategic asset allocation, quantitative tactical strategies, individual stock and bond portfolios as well alternative investments. Please see Item 8 for more information on our available strategies and the types of securities that we expect to use in our clients' accounts.

Retirement Plan Advisory Services

We provide investment advisory services to employer-sponsored retirement plans. Depending on the type of retirement plan and the services agreed to, our services can include discretionary investment management services for plan assets, selection of investment options for plan participants, development and maintenance of model portfolios for plan participants, and general investment education for participants.

Sub-Advisory Portfolio Management

We offer portfolio management services to investment advisors that are independent of the Firm. For the investment accounts that we manage on a sub-advisory basis, we may provide portfolio construction and management on a discretionary or non-discretionary basis, execute trades, and maintain certain client files as agreed to by the Firm and the advisor that has hired us to provide the sub-advisory services.

[1] We are not licensed to sell insurance products. Any insurance product that a client wishes to purchase must be purchased from a licensed insurance broker. Adviser will manage investment options within annuities that clients may own and have hired us to manage. However, Adviser will not have any permission or authority to purchase, cash out or surrender the insurance policies for our clients.

Financial Planning Services

For our wealth management clients, we do not charge a separate or additional fee for standard financial planning services. Additionally, for our wealth management clients, we assist in the implementation of their financial plan primarily through the accounts we manage on a discretionary basis and by providing guidance and direction with respect to budgeting, saving and the investment of assets not under our management. The Firm will monitor, review, and update financial plans developed and presented to our clients upon client request or as mutually determined by the client and representatives of the Firm during periodic communications.

In instances where financial planning is done on a standalone fee basis for an individual not receiving portfolio management services, or in cases of existing wealth management clients in which the scope of the plan is extraordinary in nature, the fee is negotiated between the Firm and the client, based on the scope of the planning desired. Implementation, monitoring and updating of the financial plan provided is borne by the client, as our relationship and our contractual obligations to the financial planning client end upon presentation of the financial plan.

Family Office Services

We offer family office services to clients on a separate basis. The specific services provided to each client often differ depending on our agreement with the client. The range of services includes consultation and assistance in tax and/or estate planning and strategy, arrangement of tax filings made by the client's tax preparer or prepared by our affiliated company, insurance planning, and assistance regarding major financial decisions, development of cash flow forecasts, bill pay, concierge services, etc. Since these services vary among clients, fee arrangements are determined separately, based on the scope and complexity of the specific services agreed to.

Please note that Adviser is not a law firm, nor licensed to sell insurance in any state. Therefore, Adviser cannot execute any legal strategy, draft legally operative documents, or purchase any insurance products. Regarding tax planning and filing of tax returns, such services can be provided, if desired by the client, through our affiliated company AI Tax Solutions, LLC d/b/a Adviser Tax Solutions (described below).

Tax Return Filing Services

We offer tax return preparation and filing services through our wholly owned affiliate, Adviser Tax Solutions. Clients receiving tax return preparation and filing services generally pay a separate fee for these services, although other fee arrangements can be negotiated. Adviser Tax Solutions reserves the right to decline to prepare a particular client's tax returns for any reason. Tax return preparation and filing fee rates are determined on a case-by-case basis depending on the complexity and estimated hours needed for completion.

Adviser Capital Institutional Advisory Services

Through our Adviser Capital division, we provide investment advisory, sub-advisory and model portfolio services to institutional clients. Types of institutional clients include unaffiliated registered investment advisers, broker-dealers and TAMPs. Adviser Capital uses both fundamental analysis and proprietary, quantitative investment processes. For certain products we utilize tactical asset allocation computer modeling processes to guide investment strategies and attempt to manage portfolio risk.

Adviser Capital serves institutional clients on both a discretionary and non-discretionary investment management basis. When Adviser Capital serves as sub-adviser on a separately managed account of an unaffiliated registered investment adviser, the client delegates discretionary trading authority to Adviser Capital. The primary investment adviser is responsible for ensuring that the strategy selected for the

separately managed account is suitable for the client, and the primary investment adviser is responsible for managing and overseeing the client relationship.

When providing model portfolio services to an unaffiliated registered investment adviser or TAMP, Adviser Capital provides its investment strategies via a non-discretionary, model-based solution. These services are generally provided under the terms of a data provider agreement or signal provider agreement. As the model portfolio provider, Adviser Capital designs, monitors, and updates the portfolios. The registered investment advisers or TAMPs then implement the model portfolio for their respective clients and adjust the model portfolio as recommended by Adviser Capital. For these arrangements, we do not have any actual trading authority or discretion over the clients' assets, and thus do not guarantee that the portfolio will be traded in accordance with the model that we provide.

Third-Party Lending Services

Our Recommended Custodians, described in more detail in Item 12 (Brokerage Practices), offer one or more types of securities-backed lending programs. Margin lending, a type of securities-backed lending, is offered by all of our Recommended Custodians. In addition to margin lending, Fidelity and Charles Schwab also offer a securities-backed lending arrangement through Goldman Sachs Bank USA ("Goldman Sachs"). Under this program, Goldman Sachs acts as the lender and secures account assets ("pledged assets") in the account holder's account(s) as collateral. Goldman Sachs is independent of both Adviser and our Recommended Custodians. This pledged-assets lending arrangement differs from margin in several ways, and account holders cannot borrow through this program in order to make further investments in securities. Not all account types are eligible to participate in this pledged-assets program and each client must individually apply. Thus, there is no guarantee that Goldman Sachs will choose to lend to any particular individual. Charles Schwab and TD Ameritrade each also offer a pledged-assets lending program through each firm's respective affiliated bank.

Adviser receives no compensation should clients choose to use margin (unless the client chooses to invest money borrowed on margin into an investment account managed by Adviser) or any of the other pledged-assets lending programs described herein. Additionally, we do not act as a lender or agent of any lender.

Margin and other securities-backed lending programs carry substantial risk to account assets since the lenders often have broad rights to liquidate assets and place specific disbursement and investment restrictions on assets in accounts used as loan collateral. We will explain the general details of the particular programs and facilitate use of these lending programs, should a client express interest. However, use of these programs is in the account holder's decision.

We encourage any client interested in using their account assets as collateral for a loan to understand all the terms and conditions proposed by the lender before entering into any lending transaction.

C. Level of Services Provided to Clients

We tailor our advisory services to the individual needs of our clients. Our wealth advisors discuss and advise clients on the types of investments and investment strategies based upon their financial situation, risk profile and financial goals. This process requires wealth advisors to collect information about clients through personal interviews. We then place most clients in an established portfolio strategy. However, we customize the strategies based upon the particular circumstances of the client when appropriate or requested by the client. Clients may be permitted to impose reasonable investment restrictions on investing in certain securities or types of securities.

With respect to 401(k) accounts that a client assigns to our management, our portfolio management capabilities are generally limited to the plan's investment options, which in turn limits the investment programs that we can implement.

D. <u>Portfolio Management Services to Wrap Fee Programs</u>

We do not provide portfolio management services to wrap fee programs.

E. <u>Assets Under Management & Assets Under Advisement</u>

As of December 31, 2022, Adviser had regulatory assets under management ("AUM") of approximately $6,450,000,000 managed on a discretionary basis and approximately $163,000 managed on a non-discretionary basis.

In addition to the assets under management stated above, as of December 31, 2022, the Firm had $275,321,000 in assets under advisement ("AUA") that do not meet Item 5.F of Form ADV Part 1A's criteria for inclusion in the Firm's AUM.

Item 5. Fees and Compensation

A. <u>Advisory Fees</u>

Please find below a discussion of our compensation for providing advisory services for assets under management. The fee (the "Advisory Fee") and method of calculation are outlined in the applicable investment advisory agreement. Assets within the same household are aggregated for breakpoint purposes.

We charge an Advisory Fee that is due and payable at the end of each calendar quarter in arrears. The Advisory Fee is based upon the average-daily market value of the account for the calendar quarter.

Client assets are held in custody at the custodian selected by the client.

Please find our fee schedule below.

Account Size	Annual Fee
Up to $500,000	1.25%
Next $1,500,000	1.00%
Next $3,000,000	0.80%
Next $5,000,000	0.60%
Next $15,000,000	0.50%
Over $25,000,000	Negotiable

We reserve the right to negotiate all fees on a case-by-case basis. The fees we charge to existing clients may vary, depending upon the fee schedule in place at the time that the advisory relationship began.

Sub-Advisory Services

For our sub-advisory services to non-affiliated independent investment advisors our fees are negotiated on a case-by-case basis between the Firm and the non-affiliated independent investment advisor. Such fees are generally payable quarterly in arrears.

Retirement Plan Advisory Services

For advisory services to employer-sponsored retirement plans, fees are negotiated on a case-by-case basis in accordance with the services required by the plan. Such fees are payable quarterly in arrears, and as agreed to with the particular plan client based upon either the market value of the retirement plan's assets at the end of the quarter or the average-daily market value of the retirement plan's assets for the calendar quarter.

Adviser Capital Institutional Advisory and Sub-Advisory Fees

The fees for Adviser Capital's institutional advisory services and sub-advisory services are negotiable depending upon the level and scope of the services required, and the amount of assets for which we are responsible for managing or advising. These fees typically range between 0.25% and 1.00% annually, but ultimately depend on the terms agreed to by the Firm and the professional engaging our services.

Financial Planning and Consulting Services and Family Office Services

Fees for standalone financial planning services and family office services are each negotiable depending upon the level and scope of the services required and the particular professional rendering the services.

Tax Return Preparation and Filing Services Offered Through Affiliate Adviser Tax Solutions, LLC

Tax return preparation and filing fees are determined on a case-by-case basis depending on the complexity and estimated hours needed for completion.

B. Payment of Fees

We charge fees for our management services at the end of each calendar quarter. Subject to the client's authorization to the custodian, the custodian will directly deduct the Advisory Fee from the client's account and automatically remit it to us. If this arrangement is not available on the particular account, we will either deduct the fee from another account as authorized by the client or bill the client for the Advisory Fee.

C. Additional Fees and Expenses

In addition to the Advisory Fees described above, clients are responsible for paying all additional fees and expenses related to managing their accounts. These fees and expenses include, but are not limited to, the following, as applicable:

1. Transaction costs and other related trading costs and expenses;
2. Custodial fees;
3. Mutual fund network fees;
4. Interest;
5. All applicable taxes;
6. Wire transfer and electronic fund fees;
7. Other fees and taxes related to brokerage accounts;
8. IRA and qualified retirement plan fees;
9. Internal management fees and administrative expenses for mutual funds and ETFs, as disclosed in the fund prospectuses;
10. Third-party management fees;

11. All fees and expenses related to alternative investments as disclosed in the offering documents;
12. All fees and expenses related to variable annuities and sub-accounts;
13. Mutual fund or money market 12b-1 fees;
14. Mutual fund redemption fees, if applicable; and
15. Other fees and expenses required by law.

Neither our advisor representatives nor the Firm share in these fees. Please refer to Item 12 below for more information on our brokerage practices.

D. <u>Compensation for Sale of Securities or Other Investment Products</u>

Neither our advisor representatives nor the Firm accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Performance-based fees are based on a share of the capital gains on, or the capital appreciation of, client assets. Neither we nor our supervised persons charge performance-based fees on client accounts.

Item 7. Types of Clients

We offer wealth management services to individual investors, including trusts and estates, and investment advisory services to pension plans, profit-sharing plans, charitable organizations, and privately held businesses. We generally require a minimum aggregate value of $500,000. Accounts in one household may be combined to meet this minimum. We reserve the right to waive the minimum relationship size requirements at our discretion on a case-by-case basis. Additionally, we accommodate lower than minimum relationship and account sizes with respect to clients referred to us from certain unaffiliated third-party solicitors. Please see Item 14. B below for more information on our arrangements with unaffiliated third-party solicitors.

Adviser Capital's clients include other unaffiliated investment advisors, broker-dealers, TAMPs and institutions.

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

A. <u>Method of Analysis and Investment Strategy</u>

Managed Funds Program

Core Investment Strategies

The primary investment objective of our core strategies is to build diversified portfolios of mutual funds, stocks, bonds, and ETFs that will provide a balanced approach to investing in the stock, bond and alternative markets, when applicable, given the individual client's long-term and short-term risk tolerance and return objectives.

We use fundamental analysis to build our clients' portfolios by assessing the state of the investment markets and the investment options available to meet each client's goals and objectives. Some of the many factors we assess—though we will not necessarily consider each factor in each particular circumstance—when considering both portfolio investments as well as overall portfolio risks and returns include yield (taxable and tax-free), price-earnings multiples, price-to-book multiples and other measurements of stock and bond market valuation. Additional factors include historical performance, portfolio concentration, assets under management manager tenure and liquidity when assessing mutual funds and ETFs.

Our core investment strategies tend to be low turnover. We do not trade frequently, and we generally consider the tax ramifications of our transactions. That said, however, we do not let taxes dictate our strategies when we feel a change is necessary.

Adviser also offers an Environmental, Social and Governance ("ESG") approach to its core investment strategies upon request from clients. These portfolios are primarily composed of ETFs and mutual funds that carry a label or branding as an ESG or socially responsible investment product; however, not all funds in these portfolios will necessarily be branded as such by the ETF or mutual fund sponsor. We recommend that clients review proposed and existing portfolio recommendations to ensure that each holding is in line with their expectations. As mentioned in Item 16, below, reasonable restrictions with respect to portfolio holdings are permitted. In Item 8.B, below, risks of ESG investing are discussed.

Tactical Investment Strategies

In addition to the diversified, low-turnover core investment strategies described above, we also offer tactically managed strategies developed by our portfolio strategists. These strategies range from conservative capital preservation to aggressive growth. For these strategies, our portfolio strategists employ top-down technical analysis and fundamental analysis (as described above) to inform trading in client accounts. Technical analysis relies on market data like price and trade volume in order to identify market trends and price direction. Our portfolio strategists use proprietary computer models and algorithms to analyze market data and guide trading.

Like the core investment strategies described above, our tactical strategies primarily use mutual funds and ETFs.

Tactical strategies generally trade more frequently than the core investment strategies described above. In some cases, these strategies trade as frequently as daily. Clients should consider the tax ramifications prior to deciding to use a particular strategy. Information about each tactical strategy is available upon request. See below for further details on the risks associated with frequent trading in a portfolio.

Managed Equities Program

We offer portfolios of individual equities. Strategies generally hold a concentrated portfolio of approximately 20 to 40 individual equities. Depending on the strategy employed, our portfolio strategists use fundamental analysis and/or quantitative screening and analysis in managing these portfolios. Our strategies currently range in risk from moderately aggressive to aggressive.

Our equity portfolios should be expected to trade more frequently than the core investment strategies described above. Clients should consider the tax ramifications prior to deciding to use these strategies. Please see below for further details on the risks associated with frequent trading in a portfolio.

Adviser also offers an ESG strategy. Our Core ESG portfolios consist of six risk-based, ESG and/or impact-focused model portfolios along the efficient frontier. The portfolios attempt to deliver risk-adjusted returns for long-term investors that are similar to the broad market over a market cycle. The portfolios

typically do this by combining ESG or impact-focused passive and active ETFs and mutual funds chosen by the investment team. In order to implement our philosophy, we determined that the ESG MSCI Advanced funds were the best fit for our equity sleeve and that the bond sleeve would combine various approaches. The passive funds attempt to invest in companies with favorable environmental, social and governance practices and many will do this by excluding companies. An active fund may use negative screening, positive screening, and/or focus on impact investing.

Managed Fixed Income Program

The Managed Fixed Income Program primarily invests in individual corporate, municipal and Treasury bond positions for clients. Bonds purchased for the portfolio must be "investment grade" at time of purchase. This means that when we purchase each security, it must carry an "A" category rating or higher from at least one of Moody's, Standard & Poor's, or Fitch. We also look at debt service backing, current events/news stories and historical and current pricing trends. We buy new issue bonds as well as bonds in the secondary market (bonds that are already trading in the marketplace). We emphasize diversification among names, issuers, and sectors in each account. We also pay careful attention to sectors (e.g., financials, pharmaceuticals, utilities, industrial, consumer, etc.). We employ diversification in order to limit our exposure to any one sector or issuer.

We generally structure the portfolio using a staggered maturity schedule to reduce the impact of interest-rate fluctuations. If interest rates rise, there is an opportunity to invest the proceeds of maturing bonds at higher rates. If rates decline, clients will have effectively locked in higher rates on the current bonds in their portfolios.

This strategy is appropriate for accounts with a more conservative investment objective and lower risk tolerance. Please refer to the Material Risks section—Item 8.B—below for a discussion of the specific risks of investing in bonds.

Alternative Investments

For clients that meet the qualifications for product eligibility, we provide access to various 3rd party alternative investment vehicles. Strategies available to clients include Private Equity, Private Credit, Private Real Estate, Hedged Funds, Structured Products, Option Strategies, QOZ funds and other alternative products. For many of these products we leverage 3rd party research providers and then curate our own custom list of products to fit client needs.

These products can be speculative and have various levels of risk. These strategies may include leverage, may increase the risk of investment loss, can be illiquid, may not provide periodic pricing or valuation information, may include complex tax structures and delays in distributing tax information. They are not subject to the same regulatory requirements as publicly traded investments, often charge high fees and in many cases the underlying investments are not transparent to investors.

Managed Annuity Program

We generally utilize the same methods of analysis and investment strategies for our Managed Fund Program to manage the investment options within a client's variable annuity contract. However, the strategies will differ somewhat due to the limited investment options available within an annuity contract.

Retirement Plan Advisory Services

Our advisory services for employer-sponsored retirement plans utilize the same investment approach described for our Managed Fund Program. For these services, we generally recommend mutual funds, ETFs, target-date funds, and asset allocation portfolios to our retirement plan clients as investment

options for their participants. Managed account options for plan participants can also be accommodated if desired by the plan sponsor.

Risk of Loss Inherent in All Strategies.

Investing in securities involves risk of loss, including loss of principal, that clients should be prepared to bear. The material risks of each of our investment programs are described below.

B. Material Risks Involved for Each Significant Investment Strategy

All of our investment strategies have risk. These risks generally include, though are not limited to, loss of principal, loss of unrealized gains achieved, loss of re-invested income earned by securities within the client's account(s), declining income yield, missing the investor's long-term goal or a combination of these general investment risks.

There are myriad risks that one is exposed to when investing. While the following list is not meant to be comprehensive, it does enumerate many of the risks we are aware of and attempt to manage through our day-to-day operations as portfolio managers.

While in most cases we attempt to create a diversified portfolio of securities irrespective of the risk tolerance of the client, all securities—including mutual funds, ETFs, stocks, bonds, and alternatives—are subject to market, economic and business risks that cause portfolio value to fluctuate over time, even rapidly. Generally, large-cap mutual funds and ETFs are less volatile than those that invest in small-cap stocks, as smaller companies generally have weaker financial stability. Historically, domestic securities—stocks, bonds, mutual funds and ETFs of U.S.-based companies—have been generally less volatile than international securities. Investing in international securities poses additional risks, such as foreign currency exposure that rises or falls relative to the U.S. dollar. International markets—depending on the particular country of investment—can be subject to more political risk than domestic markets, can be more prone to periods of illiquidity in their capital markets, and may not have accounting and corporate governance rules as stringent as those of U.S. companies. Investment-grade bonds tend to exhibit lower levels of risk, or volatility, than stocks, but they are still subject to many of the above-mentioned risks, as well as other risks specific to bonds, including interest-rate and credit risk.

With the foregoing general risk considerations in mind, we have enumerated some of the most important specific risks associated with our strategies:

- **Active Management Risk** can be found in many forms and is inherent in all of our investment programs and strategies. For instance, when we take a strategic position versus a benchmark—meaning we are overweighting or underweighting a sector or subsector of the broader market—we are taking on a form of active management risk. The mutual funds that we select for our client accounts also carry this risk since the fund managers also make decisions on what sectors, sub-sectors, industries and market capitalizations to overweight or underweight within the mutual fund portfolio. In the Managed Fixed Income Program, we are also acting as an active manager, selecting specific bonds to buy or avoid, in an effort to minimize the above risks, as well as interest-rate and credit risk.

- **Commodity Risk** is the risk that certain commodities will underperform a particular benchmark. In general, we do not take on specific commodity risks, although the underlying fund managers can take on some commodity risk when they deem it appropriate. At times, we will invest in securities specifically focused on commodities and during such periods of investment we will be sensitive to commodity risk.

- **Concentration Risk** is the risk of having too many eggs in one basket. We actively try to avoid an overconcentration in any one investment; however, our portfolios will often have lesser or greater concentrations in a particular sector or market than those found in a global benchmark. Additionally, some of our strategies within our Managed Funds Program are generally more concentrated than others. Within the Managed Fixed Income Program, our goal is to invest in a minimum of 10 different securities for each account. It should be noted that there could be instances when, because of account size, for instance, it would be impractical to meet this objective. With respect to our Managed Equities Program strategies, as addressed above, these portfolios generally hold between 20 and 40 securities and are thus less diversified than their benchmark indices and broader equity markets.
- **Credit Risk** is the risk of a company being unable to meet its obligations. In general, this risk is inherent in bond portfolios, although we attempt to mitigate this risk by investing in high-quality securities where credit risk is lower, rather than higher, on the risk spectrum. At times, we may decide to invest in higher credit risk securities if we believe them to be a good relative value.
- **Derivatives Risk**. We do not directly invest in derivatives. However, the funds we invest in may invest in derivatives as part of their underlying strategies. This is a decision made by the underlying fund managers. Within the Managed Fixed Income Program, we do not take on derivative risk Because we invest in cash bonds.
- **Equity Market Risk** is the risk that stock markets will generate negative, rather than positive, total returns. Our strategies target a level of risk relative to the broad equity/stock market. Our strategies do not aim for absolute returns. Diversification does not eliminate equity market risk or guarantee positive returns. The Managed Fixed Income Program does not take on direct equity market risk.
- **Foreign Currency Risk** is the risk that our portfolios will have exposure to non-dollar securities and that a change in the relationship between the U.S. dollar and foreign currencies will cause a non-dollar denominated investment, when translated back into U.S. dollars, to have a lower or higher value. Foreign currency risk can add to, or subtract from, overall returns. We often invest in mutual funds with exposure to foreign currencies. Our goal is to maintain broad diversification across the globe to limit exposure to a single non-dollar currency. The Managed Fixed Income Program invests solely in dollar-denominated bonds.
- **Sovereign Risk** is the risk that investments in companies or securities with exposure to non-U.S. countries and political systems will be impacted by the performance or action of governments in those countries. We often invest in mutual funds with exposure to non-U.S. companies that operate outside of U.S. borders. Our goal is to maintain broad global diversification to limit exposure to any one single country or political system. The Managed Fixed Income Program and Managed Equities Program strategies invest primarily in the U.S. market.
- **Interest-Rate Risk** is a risk inherent in the bond markets whereby higher interest rates can cause the value of fixed income securities or funds to fall, and vice-versa. That said, higher interest rates can also contribute to higher yields in bond funds, over time. The level of interest-rate risk taken by a portfolio manager is the decision of that manager. We attempt to manage interest-rate risk at the overall portfolio level through our fund selection and weightings. In the Managed Fixed Income Program, when investing in individual bonds, the securities are subject to interest-rate risk. As interest rates rise, investors generally see the value of their bonds decline. Likewise, as interest rates fall, investors generally see the value of their bonds increase.

- **Inflation Risk** is the risk that rising inflation will diminish the value of your assets and/or investments.
- **Liquidity Risk** is the risk that an investor will not be able to exchange their portfolio holdings for cash on an as-needed basis. Mutual funds provide daily liquidity. Stocks, bonds, and ETFs provide intraday liquidity since they are actively traded during market hours on days that their particular markets are open. An example of a non-liquid investment might be shares in a private company or private investment fund.
- **Portfolio Turnover Risk.** Certain strategies, particularly the tactical strategies (see below), involve above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client in taxable, non-qualified accounts.
- **"Whipsaw" Risk** occurs when markets recover quickly while the strategy still remains invested in defensive assets such as cash or certain bond funds, thereby not participating in the market's recovery. Many of our tactical strategies take positions in cash or similar lower-volatility securities like short-term and intermediate-term bond funds in an effort to minimize market losses. This can result in instances where the market recovers while the strategy remains invested in cash or bond positions.
- **Economic, Political and Social Uncertainties.** All of our strategies are subject to risks posed by unforeseeable natural, social, political and economic events that result in disruption to the status quo. Such events—though this list is not exhaustive—include natural disasters, disease, famine, changes to heads of state and style of government within a particular country, war, societal unrest and conflict, nationalization of industries/increased governmental involvement in certain businesses or markets, and measures restricting international trade. The responses of particular governments, central banks, private businesses, consumers, populations and/or a combination of two or more of these actors can exacerbate the uncertainties that generally accompany these events. In general, such uncertainties have negative effects on the market price of the securities our strategies invest in. Such negative price effects include decline in market price, bankruptcy of individual issuers, default on government debt and market illiquidity. Even investment strategies that solely or primarily invest in U.S.-based companies (both equity and debt securities) are subject to these risks, as events in one part of the world often affect other parts of the world—and increasingly so in recent times due in part to increasing global trade, transnational investment and global travel.

Tactical Strategies

Our tactical strategies carry the same risks described above, as well as certain risks unique to the tactical strategies. First and foremost, all quantitative and algorithmic trading models have limitations, and no model or strategy can guarantee a particular rate of return or the avoidance of loss. Second, unlike our other investment programs that rely on diversified mutual funds and ETFs, some of our tactical strategies use sector-focused mutual funds and ETFs. These funds are less diversified and generally subject to more extreme price fluctuations than more diversified funds**.** Third, the portfolio strategists reserve the right to override each model's trading recommendations, meaning that the strategies do not eliminate human error. Fourth, since many of our tactical strategies move assets to cash as a defensive position when seeking to minimize market losses, "whipsaw" risk (explained above) can result. Finally, some tactical strategies can invest in funds that use leverage, take short positions, or invest in currencies or commodities.

Managed Equities Program

Our equity portfolios are concentrated portfolios, generally only holding between 20 and 40 stocks of both U.S. companies and foreign companies at a time. Holdings will vary by the particular strategy employed and by any acceptable client requests or restrictions. Our strategies are less diversified than their benchmarks, and most other investment programs that we offer. This means that investors in our equity portfolios are likely to experience more volatility in their portfolio—because of both the concentrated nature of the portfolio and its potential to invest in non-U.S. companies—as compared to other portfolios with more diversified holdings.

Currently our strategies' risk profiles range from moderately high to high due to their concentrated nature, full investment in equities, the managers' decision making and orientation toward growth companies. These strategies can be used in conjunction with other less aggressive strategies to reduce total volatility across a client's total portfolio of managed accounts.

ESG Portfolios

Investors have the option to request investment in our ESG strategy. Investors desiring such portfolios must understand that such an approach restricts the available investments eligible for the portfolio and can result in a greater likelihood that the portfolio, in both near-term and long-term investment periods, may underperform the broader financial market indices. Also, clients must understand that their view of what qualifies as ESG may differ from ours.

C. Material Risks Associated with Certain Securities

As stated above, our strategies involve investing in mutual funds, ETFs, individual equities, and individual corporate and municipal investment grade bonds. In Item 8.B above, we have outlined the risks associated with our strategies. Below you will find general risks associated with investing in mutual funds, ETFs, individual equities, and corporate and municipal investment-grade bonds.

Specific risks associated with particular mutual funds and ETFs are outlined in the prospectuses for the individual funds that are sent to clients when we invest in those funds on their behalf. We encourage clients to read the prospectuses in order to fully understand the risks involved in each fund.

Mutual Funds

- **Manager Risk** is the risk that poor security selection or focus on securities in a particular sector, category or group of companies will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.
- **Investment-Style Risk** is the risk that returns from the specific strategy pursued by the mutual fund manager will trail returns from the overall stock market.
- **Sector Risk** is the risk that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market. Mutual funds that limit their investment mandates or objectives to a specific sector are more exposed to this risk than more broadly diversified mutual funds.
- **Non-Diversification Risk** is the risk that a fund's performance will be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. Certain funds are non-diversified, which means that they invest a greater percentage of their assets in the securities of a small number of issuers or sectors of the economy as compared with other mutual funds.
- **ESG Mutual Funds.** Mutual funds and ETFs branded as ESG, socially responsible investing, or impact investing carry the risks of underperformance and increased volatility. Such mutual funds and ETFs have a reduced universe of investment options since equities that do not meet the

particular fund's eligibility criteria—generally those that do not meet a certain minimal standard or threshold with respect to ESG criteria—are excluded from the specific mutual fund's or ETF's portfolio of holdings.

ETFs

ETFs are typically registered investment companies whose shares represent an interest in a portfolio of securities that tracks an underlying benchmark or index. (Some ETFs that invest in commodities, currencies or commodity- or currency-based instruments are not registered as investment companies.) Unlike traditional mutual funds, shares of ETFs typically trade throughout the day on a securities exchange at prices established by the market. While investing in ETFs carries similar risks to investing in mutual funds (because ETF shares are traded on an exchange), ETFs are subject to additional risks that include the following:

- **Valuation Risk.** ETFs are listed for trading on exchanges and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF share typically will approximate its net asset value ("NAV"), there can be times when the market price and the NAV diverge significantly. Thus, during such periods, a client will pay more or less than NAV when they buy an ETF share and will receive more or less than NAV when they sell that share.
- **Liquidity Risk.** Although ETF shares are listed for trading on exchanges, it is possible that one or more particular ETFs will not maintain an active trading market. In addition, trading of ETF shares on an exchange can be halted by the activation of individual or market-wide "circuit breakers" that halt trading for a specific period of time when the price of a particular security declines or overall market prices decline by a specified percentage. Exchanges can also halt trading in particular ETF shares if: (i) the shares are delisted from the exchange where they are trading without first being listed on another exchange; or (ii) exchange officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.
- **Leveraged or Inverse ETFs.** Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs (also called "short" funds) seek to deliver the opposite of the performance of the index or benchmark they track. Both leveraged and inverse ETFs pursue a range of investment strategies including investments in high-risk financial instruments like swaps, future contracts, and other derivative contracts/arrangements. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of the underlying index or benchmark during the same time. Such price volatility is amplified in volatile markets. Additionally, in most cases, leveraged or inverse ETFs are less tax-efficient because daily resets can cause the ETF to realize significant short-term capital gains that are not offset by a loss.
- **Sector Risk.** Some ETFs limit their exposure to a specific sector. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- **ESG ETFs.** ETFs branded as ESG, socially responsible investing, or impact investing carry the risk of underperformance. Such ETFs have a reduced universe of investment options since equities that do not meet the particular benchmark's or index's eligibility criteria—generally those that do not meet a certain minimal standard or threshold with respect to ESG criteria—are excluded from the specific ETF's portfolio of holdings.

Individual Stocks

Individual stocks are generally more volatile (i.e. carry more risk) than mutual funds and ETFs, with the stocks of small and medium-size companies being more volatile than those of large companies. Risks that an investor faces when investing in an individual stock include management risk (risk that the company is poorly managed in comparison to competitors), market risk (risk that unfavorable macroeconomic conditions will harm the company), liquidity risk (risk that an actively traded market for the stock will not be maintained), regulatory risk, bankruptcy risk and interest-rate risk.

International and emerging-market stocks include exposure to additional risks, such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability. The risks described here are not intended to be exhaustive.

Low-priced equities and the equities of micro-cap and small-cap stocks are generally at greater risk of high levels of price volatility, fraudulent or manipulative trading, bankruptcy, illiquidity and total loss to their investors, especially during declining market conditions and bear markets. These companies also generally have less operating history and less access to credit than companies with larger market capitalizations.

Alternative Investments

- **Liquidity.** Regardless of investment vehicle, alternatives should be viewed as illiquid over at least a 10-year time frame.
- **Leverage.** Most alternative funds use leverage which can improve returns but can also magnify losses.
- **Volatility.** Private assets are typically valued on a lagged basis to public assets. This means that volatility tends to get smoothed out over time relative to public markets. However, this doesn't mean they will always be less volatile, different market environments can change this relationship.
- **Lack of Transparency.** Unlike public funds, private fund holdings, performance and volatility data are only made public a few times a year.

Investment Grade Corporate and Municipal Bonds

The Managed Fixed Income Program primarily invests in investment grade corporate and municipal bonds. In Item 8.B, we discuss both the risks associated with our strategies and the general risks affecting bonds, such as credit risk and interest-rate risk. Below, we list additional specific risks of investing in corporate and municipal bonds.

- **Investment-Grade Debt Securities** are investment-grade-rated obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit risk than high-yield debt securities. Risks of investment-grade debt securities include (among others): (i) marketplace volatility resulting from changes in prevailing interest rates; (ii) the absence, in many instances, of collateral security; and (iii) the declining creditworthiness and the greater potential for insolvency of the issuer of such investment-grade debt securities during periods of rising credit spreads and/or interest rates and/or economic downturns.

- **Credit Ratings** of debt securities represent rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, there is a chance that ratings will not fully reflect the true risks of an investment. Also, rating agencies could fail to make timely changes in credit ratings in response to subsequent events, thus an issuer's current financial condition could be better or worse than the rating indicates.

Consequently, we use credit ratings of portfolio investments only as a preliminary indicator of investment quality.

- **Call Risk** is when an issuer exercises its option to redeem securities prior to their maturity. This most often occurs when interest rates are declining, making it advantageous to the issuer to call outstanding bonds that were issued at higher interest rates and reissue debt at the lower prevailing rates. The owner of the bond needs to reinvest the proceeds from the call in a lower-interest-rate environment. As the call date approaches, it is unlikely that the price of the bond will move above the call price, limiting the bond holder's upside.
- **Interest-Rate Risk** occurs in rising-rate environments. In such circumstances the value of fixed-income securities generally declines.
- **Economic, Political and Social Uncertainties**. All categories of securities listed above are subject to the risks posed by unforeseeable natural, social, political, and economic events that result in disruption to the status quo. Such events—though this list is not exhaustive—include natural disasters, disease, famine, abrupt changes to heads of state and style of government within a particular country, war, societal unrest and conflict, nationalization of industries/increased governmental involvement in certain businesses or markets, and measures restricting international trade. The responses of particular governments, central banks, private businesses, consumers, populations and/or a combination of two or more of these actors can exacerbate the uncertainties that generally accompany these events. In general, such uncertainties have negative effects on the market price of the securities. Such negative price effects include decline in market price, bankruptcy of individual issuers, default on government debt and market illiquidity. Even securities of U.S.-based companies (both equity and debt securities) and governments (federal, state, and municipal levels) are subject to these risks, as events in one part of the world often affect other parts of the world—and increasingly so in recent times due in part to increasing global trade, transnational investment and global travel.

Item 9. Disciplinary Information

We do not have any legal or disciplinary events that are material to our clients' or prospective clients' evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Polaris Wealth Advisory Group, LLC ("PWAG") is a wholly owned subsidiary of Adviser. PWAG is a Registered Investment Adviser that offers wealth management services to individuals, pension plans, profit-sharing plans, trusts, estates, charitable organizations, businesses, unaffiliated investment advisors, and third-party asset management platforms ("TAMPs"). Services available to clients include discretionary and non-discretionary investment management, financial planning, tax return preparation and filing, and investment consulting services.

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

A. Summary of Code of Ethics

We maintain a code of ethics (the "Code") that describes our fiduciary duty to our clients and sets standards for business conduct. The following is a summary of the key provisions of the Code:

- **Scope -** The Code covers all directors, officers, partners, employees and any other persons who are under our supervision and control.
- **Fiduciary Duties -** The Code is based on the principle that the Firm and its employees owe a fiduciary duty to our clients. Accordingly, the Firm and its employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of the Firm's clients.
- **Personal Securities Trading -** All employees are subject to certain trading restrictions. In addition, all employees must report their personal securities transactions quarterly and personal securities holdings annually.
- **Code of Conduct -** The Code contains specific topics designed to reflect our commitment to ethical conduct. These topics include compliance with legal and regulatory requirements, gifts, outside activities, entertainment and board directorships. We also maintain separate Insider Trading Policies and Procedures.
- **Code Violations -** The Code provides for appropriate sanctions for violations.

You can obtain a copy of our Code by contacting our Compliance Department at 85 Wells Avenue, Suite 109, Newton, MA 02459, or calling (617) 321-2200.

B. Recommending Securities in Which We Hold a Financial Interest

We do not recommend or buy or sell securities in which we or a related party hold a material financial interest.

C. Adviser's Employees Investing in the Same Securities as Clients

We permit our employees to trade in the same securities as those held by clients. In particular, Adviser's 401(k) plan provides many of the same investment options for plan participants that Adviser recommends to clients. Potential conflicts arise when employees buy or sell the same securities we buy or sell for clients. For instance, if employees have knowledge of pending client trades that could impact the market price of a security, they could time their transactions with the intention of receiving a better price than that of the clients. Our policy, with the exception of open-end mutual funds, ETFs, and treasuries is to review employee personal trading to ensure that such employees do not profit at the expense of clients.

Employees, aside from those in their status as our clients, are not permitted to participate in aggregated trades with client accounts.

For additional information on aggregation of trades, see Item 12.B.

D. Adviser's Employees Trading in the Same Securities as Clients at the Same Time

The Firm and its employees are permitted to buy or sell securities at or around the same time as when those securities are recommended to clients. This practice creates a situation where we and our employees are in a position to potentially benefit in a material manner from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Our policy is, with the exception of open-end mutual funds, ETFs, and Treasuries, to limit employee personal trading in the same names as client accounts on the same day to ensure that such employees do not profit at the expense of clients.

Item 12. Brokerage Practices

A. <u>Criteria for Broker Selection and Reasonableness of Compensation</u>

Selection of Broker/Custodian

We generally recommend that clients designate Fidelity Investments ("Fidelity"), TD Ameritrade or Charles Schwab to act as the custodian for their accounts.[2] Clients enter into agreements directly with the custodian to open their account. We do not open the account for the client, although we will assist the client in doing so.

Brokerage transactions are generally executed through the custodian selected by the client. However, we have the right to use other brokers to execute trades for the client's account. We use other brokers primarily to execute bond trades for those clients participating in the Managed Fixed Income Program.[3] Fixed income trades are settled through the client's account at the custodian.

As stated above, we recommend that clients designate Fidelity, TD Ameritrade, or Charles Schwab (collectively "Recommended Custodians") to act as custodian for their accounts after considering a wide range of factors, including:

- Financial strength, integrity, and stability;
- Quality of trading and execution services;
- Competitiveness of the fees based upon the quality of service;
- Availability of research, pricing services and other market data;
- Breadth of available investment products (mutual funds and ETFs); and
- Responsiveness.

Our Recommended Custodians charge our clients a flat transaction fee for effecting all securities transactions. With regard to our Recommended Custodians, we seek to negotiate competitive rates for our clients. However, the transaction fees charged by our Recommended Custodians could be higher or lower than those charged by other custodians and broker-dealers for the same services.

If trades are executed with a broker other than the custodian where the client account is maintained, an additional fee ("prime broker fee") is charged by the custodian. This fee is in addition to commissions paid to the executing broker. To minimize trading costs, we execute most client trades through the custodian where the client's account is maintained for a stated fee rate. We have determined in good faith that having our Recommended Custodians execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including execution capability, transaction costs, value of research, responsiveness, financial strength, and reputation of the broker.

In order to meet our duty of best execution for clients in our Managed Fixed Income Program, we encourage clients to enable prime brokerage access on their account—when available—in order to execute trades through brokers other than the custodian chosen by the client. In these cases, the client will pay a prime broker fee.

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[2] In 2019, Charles Schwab acquired TD Ameritrade.

[3] Not all Recommended Custodians allow the accountholder to transact with other brokers when buying and selling positions in our Managed Fixed Income Program. We identify these custodians in advance for the client and suggest they consider another custodian, although the client remains free to make the final decision.

For our fixed income trades, we select brokers based upon a number of factors, including the following:

- Financial strength, integrity, and stability;
- Execution capabilities;
- Broker compensation (commissions, mark-ups, mark-downs);
- Responsiveness and service; and
- Available inventory of bonds.

We periodically review our policies regarding broker selection for all of our investment programs in light of our duty to obtain best execution.

Products and Services Available to Us from Our Recommended Custodians

Our Recommended Custodians provide us and our clients with services and benefits that are generally not available to their retail customers. Some of these services help us manage or administer clients' accounts, while others help us manage and grow our business. These support services are generally, but not always, available to us whether we request them or not.

Among the services provided by our Recommended Custodians that directly benefit clients are: (i) execution and settlement services; (ii) broad range of investment products; (iii) custody of client assets; and (iv) availability of certain investment products that are not available to retail accounts.

Certain services provided by our Recommended Custodians benefit us but have no direct benefit to our clients. These services assist us in managing client accounts. They include but are not limited to:

- Research, pricing services and other market data;
- Ability to electronically download client trades, transactions, balances, and positions into our portfolio record-keeping system;
- Use of trading software to facilitate trade execution and aggregate orders for multiple client accounts;
- Ability to pay our management fees directly from client accounts; and
- Access to client account data, such as confirmations and statements.

Other services that are made available by our Recommended Custodians generally benefit only us. These services include but are not limited to: (i) consulting on technology, compliance, legal and business needs; (ii) educational conferences; (iii) publications and conferences on practice management; and (iv) access to employee benefits providers, human capital consultants and insurance providers. These services are provided by our Recommended Custodians or by a third-party vendor. Where such benefits are applicable, our Recommended Custodians will either waive their fees for some of these services or pay all or part of the fees of a third-party vendor. Other benefits, such as business entertainment, are provided to our personnel from time to time.

Potential Conflicts of Interest Arising from Broker/Custodian Arrangements

The following potential conflicts of interest arise from our relationship with our Recommended Custodians:

- The products and services made available to us through our Recommended Custodians directly benefit us to the extent that we would have to produce or pay for such products and services;

- Because our Recommended Custodians have a minimum dollar amount of assets required in order for us to receive some or all of the services discussed above, this provides an incentive for us to continue to use or expand our use of our Recommended Custodians in order to benefit us rather than our client; and
- Custodians sometimes offer rebates or trial periods for services and products provided by third-party vendors that we would have to otherwise pay for.

We examine these potential conflicts of interest on an ongoing basis. We believe that our selection of our Recommended Custodians is in the best interests of our clients. Our selection is primarily based upon the quality and price of the services provided that benefit our clients and not on those services that benefit only us.

Soft Dollar Benefits

Although we receive certain benefits discussed above from our Recommended Custodians as advisors on their respective advisor services platforms, we do not receive such benefits for directing specific client trades to our Recommended Custodians. For trades, other than fixed income trades, all clients are charged the same negotiated flat fee. All fixed income trades are directed to brokers based upon execution capabilities, broker charges, availability of bonds, responsiveness and service. Please refer to Selection of Broker/Custodian, above, for a discussion of our practices regarding trade execution.

Brokerage for Client Referrals

We do not select or recommend brokers or direct client transactions to brokers based upon whether we or our employees receive client referrals from such brokers. The Firm participates in a referral program with an affiliate of Fidelity—Fidelity Personal and Workplace Advisors, LLC. [4] Under this referral program, Fidelity Personal and Workplace Advisors, LLC serves as a solicitor for the Firm. For more information regarding this solicitor arrangement, please see Item 14.B of this brochure.

Adviser Directed Brokerage

As stated in Item 12.A, we generally recommend that our clients designate one of our Recommended Custodians to act as the custodian for their accounts as part of their client advisory agreement with us. Inherent in our recommendation to use one of these custodians is the fact that we will also direct most brokerage transactions to our Recommended Custodians in order to minimize trading costs. We have provided a full explanation of this practice and the consequences to the client under Selection of Broker/Custodian at the beginning of Item 12.A. However, we have the right in our advisory agreement to direct trades to other brokers in cases where we cannot meet our responsibility to achieve best execution through the client's chosen custodian.

Not all investment advisors recommend or require their clients to use a specific custodian. Representatives of Adviser are available to address any questions that a client or prospective client has regarding the Firm's arrangement with any of our Recommended Custodians and any corresponding perceived conflict of interest any such arrangement creates.

Client Directed Brokerage

If a client chooses to use a broker-dealer/custodian other than one of our Recommended Custodians, the client will negotiate terms and arrangements for their account with that broker-dealer. In such cases, we will not seek better execution services or prices from other broker-dealers, nor be able to "aggregate" (see Item 12.B, below) the client's transactions for execution through other broker-dealers with orders

[4] Fidelity and Fidelity Personal and Workplace Advisors, LLC are not affiliated with the Firm.

for other accounts managed by Adviser. As a result, the client could pay higher commissions, additional transaction costs and greater spreads. Clients could also receive less favorable net prices and/or face a combination of these higher costs on transactions for the account than would otherwise be the case.

In the event that the client directs Adviser to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction could cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through other available alternative clearing arrangements.

Regarding our Managed Fixed Income Program, if a client chooses to hold accounts at a custodian that does not permit the account holder to have a prime brokerage account, our bond manager will not be able to buy or sell bonds in the account at dealers other than the custodian of the account. This can result in worse pricing and/or yields due to mark-ups than otherwise available in the market. Clients should discuss custodian choice with their wealth advisor in advance of selecting a custodian for these particular accounts.

B. Trade Aggregation

For orders of sufficient size, we often aggregate such orders for the sale and purchase of ETF securities, fixed income securities and individual equities for our clients if we believe we can obtain a better execution price by doing so. For aggregated trades that are fully executed, each client will receive the number of shares originally intended for their account. In the event trades are partially executed, clients will receive a prorated allocation. An aggregated order for the remaining shares will be entered on the next trading day. For aggregated orders that are executed in more than one transaction, the client's portion of such order is the average of the prices at which all such transactions were executed for each day. The average price could be greater or less than the price the client would receive if the trade was made separately for such client. All transaction costs for aggregated orders are shared on a pro rata basis based on each client's participation in the transaction.

We will aggregate orders for the sale and purchase of bonds for our clients if we believe doing so will result in a better execution price for our clients. For aggregated trades that are fully executed, each client will receive the number of bonds originally intended for their account. In the event trades are partially executed, clients will receive a prorated allocation. All transaction costs remain the same regardless of whether the order is aggregated or not. As stated above, clients that have chosen to direct brokerage of trades on their accounts will not be able to participate in aggregated trades.

Employee accounts that we manage are included in aggregated orders. We prohibit favoring any account, including employee-managed accounts, over any other account. We maintain a record of the aggregated order that includes each participating account and its allocation that we complete prior to entering the aggregated order. Orders are allocated consistent with our initial allocation.

Item 13. Review of Accounts

A. Periodic Review of Client Accounts

Generally, client-level account reviews occur at least annually. The reviews are performed by each client's wealth advisor and service team. Reviews consider factors such as changes in client goals and financial circumstances, performance of accounts under our management, financial planning, and restrictions on accounts. In addition to these reviews conducted by each client's wealth advisor, the Firm's investment

research team and Investment Committee continually review and assess client accounts and recommend trades in client accounts.

B. Review of Client Accounts on Other-Than-Periodic Basis

External factors that can cause our portfolio managers or Investment Committee to review a client's account more frequently include:

- Volatile market periods;
- Changes in client objectives; and
- Client request.

C. Content and Frequency of Client Reports

We provide clients with written quarterly report of their accounts, including performance reports.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits from Third Parties

We receive an economic benefit from the broker/custodian that we recommend to clients. This benefit is in the form of products and services that the custodian makes available to investment advisors whose clients maintain their accounts with the broker/custodian. The actual products and services received that benefit us and potential conflicts of interest are fully described in Item 12 (Brokerage Practices) above.

Aside from economic benefits addressed in Item 12, above, and those described below in this section, we do not receive any other economic benefit from a third party for providing investment advisory services.

B. Compensation to Third Parties for Referrals

1. We have solicitation arrangements with unaffiliated third parties ("Solicitors") that allow the Solicitors to receive a cash referral fee for referring clients to us. The Solicitors will be paid a cash referral fee based upon a percentage of the advisory fees actually received from any client introduced by the Solicitors to us. Our payment of fees to Solicitors for client referrals will not result in any increase in the advisory fee paid by any client. The Firm is required to provide any prospective client for whom they have been introduced by Solicitors with written documentation outlining their compensation arrangement. The Solicitors are also required to meet certain requirements under the Investment Advisers Act of 1940.
2. We may pay referral fees to our employees, which may be tied to assets under management, but not to any investment strategy.
3. The Firm participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which the Firm receives referrals from Fidelity Personal and Workplace Advisors, LLC (FPWA), a Registered Investment Adviser and Fidelity Investments company. The Firm is independent of and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control the Firm, and FPWA has no responsibility or oversight for the Firm's provision of investment management or advisory services.

   Under the WAS Program, FPWA acts as a solicitor for the Firm, and the Firm pays referral fees to FPWA for each referral received based on the Firm assets under management attributable to each client referred by FPWA or members of each referred client's household. The WAS

Program is designed to help investors find an independent investment advisor, and any referral from FPWA to the Firm does not constitute a recommendation or endorsement by FPWA of the Firm's particular investment management services or strategies. More specifically, the Firm pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, the Firm has agreed to pay FPWA an annual program fee of $50,000 to participate in the WAS Program. These referral fees are paid by the Firm and not the client.

To receive referrals from the WAS Program, the Firm must meet certain minimum participation criteria, but the Firm could have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, the Firm has a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and the Firm has a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to the Firm as part of the WAS Program. Under an agreement with FPWA, the Firm has agreed that it will not charge clients more than the standard range of advisory fees disclosed in Item 5, above, to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, the Firm has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when the Firm's fiduciary duties would so require, and the Firm has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, the Firm has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit the Firm's duty to select brokers on the basis of best execution.

Item 15. Custody

Adviser has custody over certain client accounts. For all client accounts of the Firm, the qualified custodian will send account statements to the client at least quarterly. Clients should carefully review those statements and compare custodian statements with any reports received from Adviser.

We do not provide separate account statements to our clients. However, we do provide quarterly performance reports to our clients. If clients have any questions about their custodian's account statement or if they do not receive an account statement from their custodian, they should contact our Compliance Department at (617) 321-2200.

We encourage our clients to raise any questions with us about the custody, safety, or security of their assets.

Item 16. Investment Discretion

In most cases, our clients sign a discretionary investment management agreement with our Firm before we will begin managing their accounts. This agreement gives us the right to choose both the amount and

type of security to be traded in our clients' accounts without receiving prior consent from them. Clients can request reasonable restrictions and investment parameters for their account(s). If we cannot accommodate a particular requested restriction, we will inform the client. For a further discussion of this process, see Item 4 (Advisory Business). However, clients should note that trading restrictions can in certain circumstances prevent the client from participating in block/aggregated trades, and thus result in different execution prices than other clients receive. For further discussion of our trade aggregation practices, see Item 12, subsection "Trade Aggregation."

Item 17. Voting Client Securities

We do not and will not accept the proxy authority to vote our clients' securities. In addition, we will not provide advice to our clients about how to vote proxies. Our clients will receive proxies or other solicitations directly from the custodian or transfer agent. If proxies are sent to us, we will forward them on to our clients and ask the party who sent them to mail them directly to our clients in the future.

We do not determine if securities held by clients are the subject of a class action lawsuit or whether the client is eligible to participate in class action settlements or litigation, nor do we initiate or participate in litigation to recover damages on the client's behalf for injuries as a result of actions, misconduct, or negligence by issuers.

Item 18. Financial Information

We do not require, nor do we solicit, prepayment of more than $1,200.00 in fees per client six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year.

We do not have any financial conditions to disclose that are likely to impair our ability to meet our contractual commitments to our clients.

We have never been the subject of a bankruptcy petition.

Additional Information: IRA Rollover Accounts

Advice Regarding Rolling Assets from an Employer-Sponsored Retirement Plan to an IRA/IRA Rollover Account

When we recommend that a client roll their assets from an employer-sponsored retirement plan, the Department of Labor requires that the financial advisor in good faith:

1. Act in the best interest of the retirement investor;
2. Not accept more than reasonable compensation; and
3. Not make any misleading statements about:
    a. Investment transactions;
    b. Compensation; and
    c. Conflicts of interest.

Representatives of Adviser will not recommend that any client roll assets from an employer-sponsored retirement plan unless such a transaction is in the client's best interests as based on their needs, goals, and circumstances. With respect to our compensation, we believe our fees, as published in Item 5 above,

are reasonable with respect to current market rates for personalized discretionary portfolio management and individual investment counsel, advice, and direction, even if such fees exceed the fees that may be charged in a client's current employer-sponsored retirement plan.

These same rules and considerations also apply when a representative of Adviser recommends that the client transfer an existing IRA to Adviser to be managed by us.

Important Information Regarding Retirement Rollover Accounts for Client Consideration

Retirement accounts carry unique features. We ask that our clients keep the following in mind when considering rolling assets from an employer-sponsored retirement plan:

1. A plan participant may not have to roll their employer-sponsored retirement plan into an IRA/IRA rollover account. Plan participants should check with their employer-sponsored retirement plan to determine if they have the option of keeping the retirement assets in the former employer's plan.

2. A plan participant could be allowed to roll the retirement assets held in a prior employer's retirement plan into their current employer's retirement plan.

3. Plan participants are allowed to cash out the account value. Anyone considering such action should consult with a tax professional prior to making such a decision since such a decision can result in tax liabilities.

4. Fees. Adviser's fee could be higher than the fee(s) that the plan participant is paying under their current plan or investment advisor. The plan participant should compare Adviser's fee with the fee(s) they are currently paying in their current retirement plan or to their current investment advisor.

5. Participants in Employer Sponsored Retirement Programs. If a plan participant is rolling assets from an employer-sponsored retirement program (i.e., 401(k), 403(b), Thrift Savings Plan and 457 plans) into an IRA/IRA rollover account, they should be aware of the following:
    a. Depending on the account's value, they may not be obligated to roll over their account. To confirm, they are encouraged to review their particular plan's rules.
    b. If a plan participant is over 72 years of age, they do not need to take a required minimum distribution from their employer-sponsored retirement account as long as they are currently employed by the sponsor of the plan.
    c. Plan participants may be able to take penalty-free withdrawals from their employer-sponsored retirement account between the ages of 55 and 59.5. To confirm, plan participants are encouraged to review their plan's rules.
    d. Fees. Some or all of the investment-related fees and commissions may be covered under their current employer-sponsored retirement plan. To confirm, plan participants are encouraged to check with their current plan.
    e. Fund Costs. Plan participants may pay a lower expense ratio as a participant of an employer-sponsored retirement program than they would for similar funds recommended by Adviser. To confirm, plan participants are encouraged to review current information provided by their plan on its available investment options.

f. Additional Protections from Creditors. In some states, assets in employer-sponsored programs receive additional protections from creditors that assets in an IRA Rollover account do not.
g. Realization of Capital Gains in Employer Stock. Rolling funds from an employer sponsored retirement plan to an IRA /IRA rollover account will likely trigger the realization of capital gains on the employer stock held in the participant's account in their employer-sponsored retirement plan. To know if any tax consequences will result from a rollover, plan participants should speak with a tax professional prior to rolling any assets out of their current plan.