

**ADV Part 2A  
Disclosure Brochure  
March 31, 2012**

**ANCHOR/RUSSELL CAPITAL ADVISORS LLC  
One Post Office Square  
Boston, Massachusetts 02109-2103  
[www.anchorrussell.com](http://www.anchorrussell.com)  
(617) 338-2722**

This brochure provides information about the qualifications and business practices of Anchor/Russell Capital Advisors LLC ("Anchor/Russell"). If you have any questions about the contents of this brochure, please contact us at 617-338-3800 or [arca@anchorcapital.com](mailto:arca@anchorcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Anchor/Russell also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

As of December 31, 2011, Anchor/Russell's total discretionary assets under management were \$282,186,997. Anchor/Russell's total assets under advisement as of 12/31/11 were \$182,994,391.

These are the only material modifications to report since the annual updating amendment dated March 31, 2011.

### **Item 3: Table of Contents**

Item 2: Material Changes .....	1
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Fees and Compensation .....	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9: Disciplinary Action .....	6
Item 10: Other Financial Industry Activities and Affiliations.....	6
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Item 12: Brokerage Practices .....	9
Item 13: Review of Accounts .....	10
Item 14: Client Referrals and Other Compensation .....	10
Item 15: Custody .....	11
Item 16: Investment Discretion .....	11
Item 17: Voting Client Securities .....	11
Item 18: Financial Information .....	12
Item 19: Business Continuity Plan .....	12
APPENDIX 1: PRIVACY NOTICE .....	13

#### **Item 4: Advisory Business**

Anchor/Russell was established in 1989 to provide discretionary investment management services. Eighty percent (80%) of Anchor/Russell is owned by Anchor Capital Holdings LLC which is a wholly-owned subsidiary of publicly-held Boston Private Financial Holdings, Inc. (Ticker: BPFH). The remaining 20% is owned by the Anchor/Russell Capital Non-Managing Members LLC.

The principal business of Anchor/Russell is furnishing investment supervisory services. Anchor/Russell directs the investment of client assets in the following investment products; mutual funds, exchange listed securities, over-the-counter securities, corporate debt securities, commercial paper, bank certificates of deposit, municipal securities, U.S. government securities, ETFs and money market funds.

Anchor/Russell primarily advises clients on investing in products offered or researched by the Russell Investment Company. These include; 1) Mutual funds offered by the Russell Investment Company; 2) Futures investment products advised or administered by the Frank Russell Company or its affiliates; 3) Pooled mutual funds sponsored by the Russell Trust Company; and 4) Investment products managed by investment firms that are researched by Anchor/Russell and/or Russell Investments. Anchor/Russell also offers clients access to the Russell Separate Accounts program. Russell Separate Accounts is a Separately Managed Accounts (SMA) Program offering clients access to five (5) style specific disciplines, each of which use multiple investment managers. Russell Investment Company is part of The Frank Russell Company, a Seattle, Washington based corporation, which is a subsidiary of The Northwestern Mutual Life Insurance Company.

Anchor/Russell also provides asset allocation advice to Defined Contribution Plans under a Group Annuity Contract with an insurance company. Anchor/Russell also refers clients to its affiliate company, Anchor Capital Advisors LLC. Anchor/Russell does not provide investment advice on any other basis than those described above.

Anchor/Russell tailors its investment advisory services on the basis of each client's needs and objectives and prepares individually designed reports concerning the investment programs and portfolios of each client. Anchor/Russell works with clients to set investment objectives, provide asset allocation analysis and deliver on-going investment assistance.

Anchor/Russell does not participate in Separate Managed Account programs. However, Anchor/Russell clients may choose to invest in Russell's SMA program.

Anchor/Russell's total discretionary assets under management as of 12/31/2011 were **\$282,186,997**. See table below.

Discretionary Assets under Management (AUM)

Anchor/Russell	AUM as of 12/31/11
Total	\$282,186,997

In addition, as of 12/31/11 Anchor/Russell had **\$182,994,391** assets under advisement. Of the total, \$178,028,750 was referred to its affiliate, Anchor Capital Advisors LLC. This amount is the total clients' assets under management at Anchor Capital referred by investment managers at Anchor/Russell. The remaining \$4,965,641 is referred by the Principal Financial Group. Anchor/Russell provides asset allocation advice for these relationships. See Item 14 for more information on client referral relationships.

**Item 5: Fees and Compensation**

Anchor/Russell charges a fee for its services based on a client's Assets under Management. Anchor/Russell's fee schedule is as follows.

<b><u>Market Value of Portfolio Over \$1 Million</u></b>	<b><u>Rate</u></b>
Less than \$3 Million	.75%
From \$3 Million to \$5 Million	.60%
Over \$5 Million	.50%
Portfolios under \$1 Million	1.25%

Certain charitable accounts are granted the courtesy of a 10% discount. Fees may be negotiable for these accounts or accounts with unusual investment management requirements. Fees may be negotiable for larger accounts. Multiple accounts from the same client or organization, or accounts of related persons may be billed on an aggregate (as if they were a single larger account) basis. Accounts managed for related parties may be offered the courtesy of related-account billing or courtesy discount.

The fee rate percentages are applied to each client's assets under management and are billed each calendar quarter. Invoices are sent to all clients. Clients have the option of paying fees directly or having the custodian deduct them from the client's account.

A fund prospectus with detailed fee information is delivered to all clients for each mutual fund utilized in the client's investment strategy. Anchor/Russell may recommend that clients invest in Russell Class E funds whose internal fee includes a 25 basis points shareholder service fee, some or all of which is or may be refundable to the investment advisor or paid to an independent third party administrator or qualified plan record keeper. The advisor may discount the normal fee schedule to reflect this source of income. Anchor/Russell may utilize the Russell Institutional Funds, Series I sponsored by Frank

Russell Company which are somewhat similar to the Russell Class S Funds provided that client assets are sufficient to purchase \$100,000 of each Series I Fund.

In the Russell Separate Managed Accounts Program clients may select an all inclusive fee ranging from 1.15% to 0.65% depending upon assets under management and/or portfolio strategy.

Clients may pay custodian or third party referral fees in connection with our services. Clients will incur brokerage trading commissions. Please see Item 12 for more information on Anchor/Russell's brokerage practices and Item 14 for more information on third party referrals.

Clients' quarterly fees must be paid in advance. In the event of a termination before the end of the billing period, the unearned fees are refunded. The refund is determined based on the time period from the original billing date and the termination date. Notification of termination is generally accepted in writing or by electronic media. For new clients that originate after the beginning of a billing period on the next billing cycle they will be charged a fee for the time period between when the account originated and the end of the billing period.

Certain Anchor/Russell investment managers are compensated for selling and servicing client relationships. The managers receive a share of the revenue received from client accounts. To ensure client suitability standards are met under this practice, all new client contracts must be reviewed and signed by the President.

Clients have the option to purchase other Russell investment products through other brokers or agents that are not affiliated with Anchor/Russell.

Anchor/Russell recommends "no-load" and "load" mutual funds but receives no commissions for the sale of them. No portion of Anchor/Russell's revenue is derived from commissions and the firm does not charge commissions or mark-ups.

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

Anchor/Russell does not accept or charge performance-based fees.

#### **Item 7: Types of Clients**

Anchor/Russell offers investment advisory services to pension and profit sharing accounts (corporate, joint trustee and professional corporations), charitable accounts including

religious, non-profit foundations and educational institutions, corporations (taxable), individuals, and trusts and estates.

Anchor/Russell currently requires a \$1 million minimum account relationship threshold. However exceptions will be made on a case by case basis.

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

Anchor/Russell's investment strategy is to invest in a multi-manager, multi-style family of mutual funds or pooled accounts over the long-term. The investment strategy is formulated through the use of a proprietary, computer driven asset allocation model which creates suggested account profiles based on the client's investment objectives.

Investment strategies may be formulated by Anchor/Russell's professional staff. In these cases, the investment strategy is based upon several factors which include but are not limited to: 1.) Client net worth; 2.) Age; 3.) Long-term objectives; 4.) Risk tolerances; 5.) Investing experience; 6.) Investment restrictions; 7.) Other outside assets or investment advisors; and 8.) Overall suitability. The investment strategy is applied on a long-term basis.

Investing in securities carries a risk of loss that clients should be prepared to bear.

The material risks associated with investing in a multi-manager, multi-style type family of pooled accounts over a long-term is that account values may be subject to price fluctuations (in some cases significant) over the short-term. While the multi-manager approach is designed to mitigate investment risk some portfolios may move in tandem due to other economic factors such as a recession. Anchor/Russell does not engage in frequent trading, active short selling or option writing although Russell funds may employ such strategies.

Anchor/Russell primarily recommends mutual funds.

#### **Item 9: Disciplinary Action**

Anchor/Russell has no material legal or disciplinary events to disclose regarding its advisory business or the integrity of its management.

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

No Anchor/Russell management persons are registered or have an application pending to register as a broker-dealer or as a registered representative of a broker-dealer.

No Anchor/Russell management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trader advisor or an associated person of the foregoing entities.

As noted earlier, Anchor/Russell may refer clients to its affiliate company, Anchor Capital Advisors LLC. In such instances, Anchor/Russell will receive a portion of the Anchor Capital fee charged to the client in lieu of Anchor/Russell's published fee schedule.

Anchor/Russell shares office space, certain employees and various services with Anchor Capital Advisors LLC. The President of Anchor/Russell is also the President of Anchor Capital Advisors LLC. There are several clients that hold accounts with each of Anchor/Russell and Anchor Capital Advisors LLC. We believe this does not create a material conflict of interest for Anchor/Russell clients.

Anchor/Russell has also entered into a contract with; Russell Investment Company ("RIC") a Washington state corporation registered as an investment adviser under the Investment Advisers Act of 1940; Russell Investment Management Company ("RIMCo"), a subsidiary of RIC, which is a Washington state corporation registered under the Investment Advisers Act of 1940; and Russell Fund Distributors ("RFD"), a subsidiary of RIC, which is a Washington state corporation, a member of the NASD and a registered broker-dealer under 15(a) of the Securities Exchange Act of 1934. The contract assumes that Anchor/Russell will recommend to its clients financial products administered or advised by RIC or its affiliated companies. Anchor/Russell may receive shareholder service fees or 12(b)1 fees not to exceed .25% from RIC, RIMCo, RFD and their affiliates. RIMCo will receive an advisory fee either directly from Anchor/Russell or from the fund depending upon in which fund the client is invested.

Anchor/Russell employees are not required to recommend Russell products to their clients nor are they compensated by RIC to sell its products or services. Moreover any fees received are modest. We believe this relationship does not create a material conflict of interest.

Anchor/Russell has also entered into a "Participation Agreement" with Fidelity Investments Institutional Brokerage Group which enables participation in the Fidelity Advisor Access program. Through this program Fidelity Investments provides access and introductions to potential clients of participating registered investment advisors. Such clients are generally already established clients of Fidelity Investments or Fidelity Brokerage. When such introductions result in Anchor/Russell entering into a contractual agreement with the client, Fidelity Brokerage remains "broker of record" and discretionary purchases and sales of securities or mutual fund shares are executed through National Financial Services or Fidelity Brokerage Services, LLC. Anchor/Russell receives no compensation from Fidelity for participating in this agreement.

Anchor/Russell may recommend or select other products or funds administered by other fund sponsors.

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

Anchor/Russell has a code of ethics which provides company employees detailed guidelines governing their conduct including, but not limited to, the conduct of business with company clients, knowledge and enforcement of company privacy policies, conflicts of interest, compliance with state and Federal statutes, laws and regulations, personal trading activities (including reporting to Compliance personnel) and possession and actions with regard to "insider information." Anchor/Russell will provide a copy of its code of ethics to any client or prospective client upon request.

Employees of Anchor/Russell have, from time-to-time, acted as coordinator to raise funds from investors for "venture capital" investments in venture capital limited partnership funds or smaller businesses which are starting up or are relatively new. Anchor/Russell does not solicit or receive any sales or management fees for this role. However, Anchor/Russell is reimbursed for "out of pocket" legal and accounting expenses. At times select clients have participated in these ventures and in all cases one or more of Anchor/Russell's employees have been investors. To address the conflict of interest that an Anchor/Russell employee may benefit more than the client we disclose to the client (at the time of investment) that Anchor/Russell employees participate alongside the client with no preferential treatment. Moreover since Anchor/Russell employees receive no sales or management fees they are not incentivized to raise disproportionate funds from clients.

Employees of Anchor/Russell can invest in the same securities that Anchor/Russell recommends or buys or sells for clients. For clients that are invested in a pool of investment products developed by RIC, RIMCo and other fund advisors, Anchor/Russell believes that a conflict of interest does not present itself. These securities are priced at the end of each day which leaves little room for price manipulation and front-running. However, for all other securities (stocks, bonds, etc.), Anchor/Russell employees could be in a position where they may purchase or sell a security in advance of a client and receive a better price.

However under the Anchor/Russell code of ethics, Anchor/Russell employees may not purchase or sell any security in which the client has ownership unless the transaction occurs in an exempted security or the employee has complied with Anchor/Russell's Personal Security Transaction Policy. All client purchases or sales must take place before an employee can purchase or sell the same securities. Anchor/Russell has also established guidelines for employees investing in private placement transactions.

Anchor/Russell's personal trading pre-clearance policy should prohibit the conflict that may arise if an employee purchases or sells securities in his own account at or about the time that a sale or purchase of the same security is made for a client account and the employee subsequently receives a better price than the client. However, if a violation of the pre-clearance policy occurs then the employee may be required to reverse the trade.

## **Item 12: Brokerage Practices**

Anchor/Russell has entered into a contractual arrangement with Fidelity Brokerage Services (FBS) and National Financial Services (NFS), wholly owned subsidiaries of Fidelity Investments. FBS is a registered broker/dealer. Under this arrangement FBS/NFS provide custodial, recordkeeping, transfer agent and trade execution services to Anchor/Russell's clients. Through this arrangement Anchor/Russell has access to a wide array of mutual funds offered by a number of independent registered investment companies; Anchor/Russell also has access to all types of securities including, but not limited to, common stocks, taxable and non-taxable bonds, and other securities and products. Anchor/Russell believes FBS/NFS, a major global broker/dealer, provides competitive executions and competitive commission rates to its clients.

All Anchor/Russell clients receive the benefits of volume discounts and the lowest available electronic equity trading commission rate.

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

Anchor/Russell does not receive research or other soft dollar benefits.

### **2. Brokerage for Client Referrals.**

Anchor/Russell may receive client referrals through Fidelity Investments regional brokerage offices. These are typically existing Fidelity Investments relationships whose advisors recommend establishing a new or expanding an existing relationship with Anchor/Russell. We do not believe this presents a conflict of interest since the account will remain with Fidelity.

### **3. Directed Brokerage.**

Anchor/Russell does not require that a client direct us to execute transactions through a specific broker-dealer.

Anchor/Russell portfolios are managed individually based on the clients individual objectives. We do not aggregate trades.

### **Item 13: Review of Accounts**

Individual accounts are reviewed at least annually to ensure the asset allocation mix is consistent with the client's investment objectives. We meet with clients in person or by telephone to review performance, asset allocation, changes in client objectives and to discuss any necessary investment program changes. Client accounts are rebalanced periodically to ensure the portfolio asset mix remains within specified limits. However, such rebalancing may be suspended based upon market conditions or other factors. All reviews are conducted by senior investment professionals.

In addition to a normal systematic review, a special review may be triggered by unusual performance, contributions or withdrawals, sell or buy decisions triggered by performance, or other special client needs.

All clients receive detailed quarterly portfolio appraisals including comprehensive performance analysis, market indices analysis, economic commentary and review of progress against specified asset allocation targets.

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

Anchor/Russell has entered into agreements with several independent marketing representatives. The agreements provide for the representatives to receive a portion of Anchor/Russell's investment management fees if the representative is responsible for introducing the client to Anchor/Russell. The fee paid to a representative varies depending on the agreement but in no instance does the fee arrangement increase the fee that the client pays. These agreements contain provisions to insure compliance with applicable provisions of the Investment Advisers Act of 1940 and subsequent amendments and specifically, Rule 206(4)-3. Such agreement provides for full disclosure to and acknowledgement by the client of any fee sharing arrangements.

Anchor/Russell has also made arrangements whereby clients are referred to its affiliate company, Anchor Capital Advisors LLC for use of Anchor Capital Advisor's discretionary investment management services. Through inter-company transactions Anchor Capital Advisors shares its fee with Anchor/Russell to cover general overhead and portfolio manager compensation. In no instance does the fee arrangement increase the fee that the client pays.

Anchor/Russell has also entered into a fee sharing agreement with the Principal Financial Group. Under this agreement Anchor/Russell may introduce a 401(k) plan sponsor to Principal and share a portion of the plan fee to cover employee education expense, asset allocation

consulting and performance attribution analysis. In no instance does the fee arrangement increase the fee that the client pays.

#### **Item 15: Custody**

Anchor/Russell is deemed to be the custodian of client funds for a portion of accounts where we; 1) directly debit fees from client accounts; and/or 2) are trustee. All clients of Anchor/Russell receive account statements from a third party custodian. Anchor/Russell recommends that its clients carefully review those statements. Anchor/Russell also sends quarterly account appraisals to clients and urges its clients to compare its account appraisals to the statements they receive from the qualified custodian.

#### **Item 16: Investment Discretion**

Anchor/Russell accepts discretionary authority to manage securities accounts on behalf of its clients. Clients may place limitations on this authority. Examples include restrictions to own certain stocks and limitations on the percentage of cash held at any one time. In order for Anchor/Russell to assume discretionary authority both the client and the Anchor/Russell President must sign a contract that explains the discretionary authority and details the restrictions or limitations, if any.

#### **Item 17: Voting Client Securities**

Anchor/Russell clients whose assets are invested in the Russell Funds, other mutual funds, or the Russell Separate Accounts Program receive proxies directly. Anchor/Russell employees do not vote those proxies. For all other investments, unless otherwise specifically requested by the client, Anchor/Russell will not vote proxies. We specify that proxies are to be sent directly to the client. However, in the few instances where Anchor/Russell votes proxies, it will engage its affiliate, Anchor Capital Advisors LLC, in the determination of the proxy vote.

As such, Anchor/Russell follows the Anchor Capital Advisors LLC written policies and procedures to govern proxy voting. They are as follows:

The Chief Compliance Officer (CCO) appoints an officer of Anchor Capital to serve as “Chief Proxy Voting Officer (CPVO)” and the CPVO may, in turn, designate a “Proxy Voting Associate (PVA)” to assist in the implementation of proxy voting. The CPVO oversees all Proxy Voting Policies and Procedures. A subset of the Anchor Capital Investment Policy Committee is appointed to the Proxy Voting Oversight Committee. The Committee, as required, consults with the CPVO to determine the final vote (“in favor” or “against”).

The CPVO reviews the proxies solicited on behalf of Anchor/Russell clients. The review includes an analysis of the questions and propositions proposed, a determination of how each proposal impacts the financial and economic interests of Anchor/Russell clients and a selection of the votes.

The CPVO gives close attention to proposals impacting the value or future value of Anchor/Russell clients' investments. Among other issues, the CPVO analyzes and considers the Dodd-Frank Bill Say on Pay ("SOP") proposal regarding how and how often shareholders vote on executive compensation. The CPVO then provides information to Anchor/Russell senior management on how to vote each question of each proxy.

To the extent there is a conflict of interest Anchor/Russell will not alter its proxy voting policies and procedures.

Clients may direct Anchor/Russell's vote on one more securities by submitting detailed instructions to the CCO. The CPVO keeps records on all client-specific instructions.

Anchor/Russell's proxy voting policies and procedures and information on how we voted client securities are available upon request. Please submit requests in writing to:

Kathryn A. Kearney, Chief Compliance Officer  
Anchor/Russell Capital Advisors LLC  
One Post Office Square  
Boston, MA 02109-2103

#### **Item 18: Financial Information**

Anchor/Russell does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

Anchor/Russell has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Anchor/Russell has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19: Business Continuity Plan**

Anchor/Russell has a business continuity plan and is prepared to implement it if necessary. Anchor/Russell conducts an annual test of its business continuity plan.

## **APPENDIX 1: PRIVACY NOTICE**

Anchor/Russell has policies and procedures in place to safeguard the personal information of its current and former clients and their families, businesses or other entities. The Privacy policies were adopted to comply with SEC Federal Regulations S-P and S-AM and the Commonwealth of MA regulation 201 CMR 17:00. Below we explain how Anchor/Russell collects, uses, retains, discloses and secures personal information about our clients.

### **Information We Gather**

Since the mission of Anchor/Russell is providing our customers with investment advice, we collect, store and archive detailed information about our clients. The types of information we collect include, but are not limited to, names, addresses, phone numbers, social security numbers, detailed personal financial information including income, tax status and history, detailed net worth data, asset lists and valuations, insurance and estate planning documents, and a wealth of other personal and family data. This information is derived from the following sources:

- Client information forms, portfolio appraisals, financial account statements, gain/loss ledgers, income tax returns, personal financial records, financial planning documents, estate planning and personal checking/brokerage/bank/ retirement plan/stock option plan statements provided to us by you or your trusted advisors.
- Interviews with you and members of your family or management team, interviews or discussions with various trusted advisors including, but not limited to, your tax preparation professional, attorney, financial planner, insurance advisor, estate planning professional, broker or other trusted advisors.
- Information about transactions which we execute on your behalf.
- Information received from you, your family or your trusted advisors in written, telephonic or electronic form.

### **Our Customer Privacy Policy**

Anchor/Russell protects clients' personal information by maintaining physical, electronic and procedural safeguards that meet or exceed applicable laws. We do not sell, share or divulge confidential information pertaining to our clients to any unaffiliated third party except as outlined below. We do not share client information with affiliated entities for marketing purposes.

**Disclosure of Information Required to Conduct Business**

In the normal course of conducting our business, we must share or disclose some data about our clients to custodial organizations (who usually also possess detailed personal information about you as their client), brokerage firms who may be selected to execute transactions on behalf of our clients, clearing agent firms and law firms pursuing shareholder class action lawsuits. All of these organizations have their own privacy and customer confidentiality obligations and policies, and many are subject to Regulations S-P and S-AM. It is important for you to understand that we would not be able to conduct business on your behalf without disclosing certain limited information regarding you and your account to these unaffiliated third parties.

**Disclosure of Information with Your Consent**

In the normal course of our business, company associates are frequently requested by clients to provide confidential client information including, but not limited to, gain/loss ledgers, portfolio appraisals, asset cost basis and market value data etc. to accountants, lawyers, financial planners/advisors or brokers. We will comply with such requests. However clients must provide written or electronic confirmation or authorization before the information can be released by Anchor/Russell.

**Disclosure of Information to Legally Empowered Regulatory Entities**

Anchor/Russell is subject to registration requirements with The Securities and Exchange Commission and certain state regulatory authorities. Both Federal and state authorities are empowered to perform certain audit functions to ensure our companies comply with federal, state and local laws governing Registered Investment Advisors. In the course of performing such audit functions, these regulatory authorities may request data and information regarding our clients. We take all possible steps to ensure this information is protected and not removed from our premises or recorded in any form where it might become subject to public disclosure under applicable state and federal laws. We could also be required to provide information about you without your consent, as permitted by law, to respond to a subpoena or court order or in connection with proposed or actual sale, merger or transfer of ownership of our businesses.

As always, should you have any questions, comments or observations, please do not hesitate to contact us.