



CHOATE INVESTMENT ADVISORS LLC

FORM ADV PART 2A – DISCLOSURE BROCHURE
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Choate Investment Advisors LLC
Two International Place
Boston, Massachusetts 02110
(617) 973-4900
choateinvestmentadvisors.com

This brochure provides information about the qualifications and business practices of Choate Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us as (617) 973-4900. 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.

ITEM 2 MATERIAL CHANGES

There have been no material changes made to the brochure since the 2011 annual update.

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ITEM 4 ADVISORY BUSINESS

Choate Investment Advisors (“CIA” or “we”) is an SEC registered investment advisor and wholly owned subsidiary of Choate, Hall & Stewart LLP, a Boston, Massachusetts law firm. Originally established in 1996 to primarily provide investment counsel to Choate, Hall & Stewart LLP attorneys who serve as trustees, CIA now provides comprehensive, integrated investment and wealth management services. With approximately \$2 billion in assets under advisement, we offer institutional quality investment advice to help clients manage their current assets and plan for the long-term. We have been managing investment portfolios for high net worth individuals, trusts, charitable foundations and nonprofit organizations since our inception. In addition to having more than twelve years of experience managing assets for foundations and nonprofits, our back office has significant experience handling the unique distribution, reporting and planning needs of our more than 50 nonprofit and foundation clients. We have a strong investment team composed of employees with advanced degrees, CFA designations and years of experience.

We have no restrictions on the range of investments we can make for our clients and we have no financial incentives to choose certain investments over others. This pure “open architecture” approach to investment ensures that we have no conflicts of interest. We do not sell our own products and do not enter into fee sharing arrangements with outside product vendors. As a result, we are completely objective and focused on evaluating and providing access to appropriate investment vehicles. Because of our size, we are in a position to provide our individual clients with personalized service as well as access to investment insights and opportunities that are typically available only to institutional investors.

We believe that asset allocation is the primary determinant of long-term investment performance. The proper combination of asset classes can improve the overall return of a client’s portfolio and mitigate risk. Our process is quantitatively rigorous and seeks to deliver consistent results within a defined level of risk. We believe that an investment strategy should be founded upon two core principles: long-term discipline (the fundamental reason to have a strategy is to provide a meaningful framework for discipline) and diversification (the strategy should specify how risks will be managed to meet a deliberately-chosen risk budget).

Our rigorous investment process is based upon these the principles of discipline and diversification. It consists of four interrelated steps:

- a) Selecting the asset classes that will be included in the portfolio.
- b) Deciding upon a long-term strategic asset allocation for the portfolio.
- c) Making shorter-term tactical asset allocation decisions to refine the portfolio.
- d) Selecting and monitoring appropriate investment vehicles to implement the asset allocation decisions above.

Our investment decisions must be made according to an explicit, deliberate process that is repeatable and verifiable. We believe that a proper asset allocation strategy must be founded upon a clear understanding of appropriate risk. We begin our relationship with clients with an extensive discussion about the client’s willingness and ability to take risk, and the risk level of various potential strategies. Together with the client, we identify an appropriate risk level

based upon conservative assumptions regarding future volatility. Our role is then to take that risk as responsibly and productively as possible via a diversified asset allocation strategy.

We believe that the most responsible way to take risk is to first determine how much risk is appropriate for a particular client, build a diversified portfolio reflecting that level of risk, and then make disciplined, incremental decisions to maintain that risk level. Our process begins by creating a long-term “strategic” portfolio that reflects an appropriate risk level for the client. We then establish permissible deviations (over- and under-weight limits) from the strategic asset class targets. We work within these limits to optimize the portfolio based upon its market outlook.

We believe that a change in strategy should be made if a client’s circumstances change, but not in response to market movements or outlook. Our asset allocation strategy decisions are reviewed whenever a client has had a meaningful change in his, her or its ability or willingness to take risk. In general, we favor maintaining strategic discipline over time, as this is a proven way to maximize potential returns.

CIA typically manages money for clients on a “discretionary” basis. We strive to ensure that clients are positioned in a portfolio strategy that corresponds to their needs at an appropriate level of risk. The execution of the investment strategy is tailored to each client’s needs. For example, we will often work with clients to establish a capital gains “budget” and ensure that we properly limit capital gains in client portfolios. We will discuss client preferences for restricting investments in certain securities or types of securities, but we typically advise clients to allow us to make full use of our recommended investment vehicles.

As of December 31, 2011, CIA advised Choate, Hall & Stewart LLP attorneys serving as fiduciaries by providing investment supervisory services on a non-discretionary basis for the trusts and estates that they serve as trustees and executors, with an approximate aggregate market value of \$196,507,409.

In addition, CIA managed 1,267 accounts, including accounts of individual clients, pension and profit-sharing plans, charitable endowments and Individual Retirement Accounts on a discretionary basis with assets of approximately \$1,726,456,199.

ITEM 5 FEES AND COMPENSATION

CIA is compensated based upon the following standard fee schedule:

Annual Fees Based on Market Value (charged quarterly in arrears):

1.25% of the first	\$1,000,000
1.00% of the next	\$4,000,000
.75% of the next	\$5,000,000
.50% of the balance over	\$10,000,000

In addition, we charge a \$1,000 administrative fee per account. Fees are negotiable in limited circumstances. We deduct fees from client accounts on a quarterly basis, in arrears. We do not require pre-payment of fees.

We typically recommend diversified investments, including mutual funds and ETFs. Clients that invest in these diversified investment vehicles will earn returns net of the vehicle fees. Client returns are also net of trading fees. We trade with a wide variety of external parties on a “best execution” basis. We do not charge brokerage or other transaction costs directly, but clients will incur transaction costs as a result of trades in their accounts.

We do not accept compensation for the sale of securities or other investment products.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CIA does not charge or accept performance-based fees.

ITEM 7 TYPES OF CLIENTS

CIA works with a wide range of clients, including high net worth individuals, trusts, charitable foundations and endowments. We evaluate potential new clients on a case-by-case basis to ensure that they will have an enduring and productive relationship with us. We have approximately 450 clients and our relationships are lasting: 15% have been with us for over 20 years, 42% for over 10 years and 70% over five years.

We have been managing foundation and nonprofit investment portfolios since our inception. In addition to having more than 12 years of experience managing assets for foundations and nonprofits, our back office has a long history of handling the unique distribution, reporting and planning needs of more than 50 nonprofit and foundation clients.

CIA’s minimum account size is typically \$2 million.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

CIA believes that the most responsible way to take risk is to first determine how much risk is appropriate for a particular client, build a diversified portfolio reflecting that level of risk, and then make disciplined, incremental decisions to maintain that risk level. We believe that effective diversification requires an investment policy that goes beyond equities and fixed income asset classes to include “alternative” asset classes with low correlations to both stocks and bonds.

By alternative asset classes we do not mean sacrificing liquidity or transparency. Rather, we mean regulated, liquid, proven asset classes that have demonstrated meaningful diversification benefits versus stocks and bonds. Examples of these asset classes include non-US bonds,

commodities, real estate, and frontier markets. Our client's portfolios are free from a US "home bias" and take full advantage of a wide range of global opportunities.

CIA is a fully "open architecture" advisor. As such, we select from the widest array of potential investments and managers on behalf of our clients. Our incentives are aligned with our clients. We prefer to work with clients as a discretionary "outsourced CIO" and most of our client relationships are structured that way.

As a first step, we decide whether active management is warranted in a given asset class, or whether it would be more productive to obtain efficient exposure to the asset class via an index fund or ETF. We work with active managers in less efficient markets (e.g. emerging market bonds) where we believe the opportunity exists for sustained outperformance. To select active managers in these markets, the investment team first uses a rigorous quantitative screening process to identify best-in-class asset managers and appropriate investment vehicles from a vast array of choices. These quantitative factors include screening prospective managers based on information ratio trends and consistency, holdings and returns-based stylistic analysis, and after-tax returns. We then evaluate the managers that pass the quantitative screen on a qualitative basis. Qualitative measures include management tenure (an immediate review is triggered in the event of a manager turnover), personal interview with the manager and his/her team to inquire about the depth of the team's bench strength. We do not invest in funds with 12b-1 fees or accept any payment in return for choosing investment vehicles. We monitor the fund managers that we choose and look to see if the manager maintains exposure to the asset class without style drift. Managers are evaluated on an ongoing basis and replaced as necessary.

We invest in a wide array of "alternative" asset classes. We define "alternative" asset classes as those that provide true diversification benefit relative to stocks and bonds. All of the alternative investments in our portfolios have full transparency and daily liquidity. Examples of alternative asset classes include non-US bonds (from both developed and emerging nations), commodities, real estate, TIPS, floating rate loans, hedged equity, and frontier markets. These investments provide additional diversification in our portfolios and provide us with a wider array of tactical positions.

Investing in securities does involve a risk of loss, which clients should be prepared to bear.

Investment Strategies

CIA offers seven investment strategies. We do not believe that our methods involve significant or unusual risks, nor do our strategies involve frequent trading of securities. As described above, we endeavor to ensure that our clients are exposed an appropriate level of investment risk based upon their circumstances. Below is a description of each strategy:

All Bond: This strategy focuses exclusively on producing current income. Only fixed-income assets are held.

Conservative Income: The primary goal is to produce substantial current income through a

majority allocation to the fixed-income asset class. Limited investments in equity-linked and alternative asset classes produce additional sources of current income with low to moderate correlations to the majority fixed-income asset class.

Income and Growth: This strategy emphasizes current income while offering moderate potential for capital appreciation. Fixed-income securities represent the largest allocation, though a material allocation to the equity-linked and alternative asset classes may diversify the sources of current income while also providing modest capital appreciation potential.

Balanced: This strategy focuses on balancing potential capital appreciation and current income, using a combination of fixed-income, equity-linked and alternative asset classes.

Growth and Income: This strategy's primary goal is to seek opportunities for capital appreciation. The secondary goal is current income potential. There is a substantial allocation to equity-linked and alternative asset classes.

Growth: The primary goal is to maximize total return, primarily through capital-appreciation opportunities, while also providing current income potential. This strategy focuses on equity-linked and alternative asset classes. A minority of the portfolio's assets are in fixed-income investments.

Aggressive Growth: This strategy allocates exclusively to equity-linked and alternative asset classes and is an aggressive strategy designed solely for capital appreciation potential. There is no allocation to the domestic fixed-income asset class. Current income expectation is low, and portfolio returns can be volatile from year to year. We attempt to moderate risk by the use of a well-diversified equity portfolio.

We recommend a wide variety of securities, none of which we believe involve unusual risks. We invest in riskier markets such as frontier and emerging markets, but limit our investment to a minority percentage of the overall portfolio. These investments are made via liquid, regulated investment vehicles, such as ETFs, mutual funds and index funds.

ITEM 9 DISCIPLINARY INFORMATION

SEC registered investment advisors are required to disclose all material facts related to any legal or disciplinary events that are material to our clients' evaluation of the integrity of our management.

CIA has no legal or disciplinary events to disclose.

ITEM 10 OTHER INDUSTRY ACTIVITIES AND AFFILIATIONS

CIA provides individual investment advice to Choate, Hall & Stewart LLP attorneys in their capacity as fiduciaries, pursuant to a unitary, non-discretionary investment advisory contract with Choate, Hall & Stewart LLP and such attorneys that provides for a cash investment advisory fee to be paid by Choate, Hall & Stewart LLP to CIA, the amount of which is negotiated annually. The current fee is \$120,000 per month and is payable monthly in arrears. Additionally, certain attorneys of Choate, Hall & Stewart LLP are individual clients of CIA with respect to their own personal assets.

CIA occupies segregated, lockable space within the premises of Choate, Hall & Stewart LLP pursuant to a sub-lease arrangement with Choate, Hall & Stewart LLP. The sub-lease affords us the use of and access to certain Choate, Hall & Stewart office services, including access to Choate, Hall & Stewart LLP's computer network, trust and information systems, word processing, e-mail and Internet services.

ITEM 11 CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CIA has adopted a Code of Ethics in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 (the "Code of Ethics"). The Code of Ethics sets forth (i) general principles regarding the ethical business conduct, (ii) policies and procedures for the protection of material non-public information and (iii) internal reporting of violations of the Code of Ethics and Securities laws. In addition the Code of Ethics requires our "Access Persons" (as defined in the Code of Ethics) to (i) quarterly report their personal securities transactions and (ii) annually report their personal securities holdings to our chief compliance officer or other designated persons. The Code of Ethics requires us to review these reports to allow identification of improper trades or patterns of trading by our Access Persons.

Our Code of Ethics requires that Access Persons obtain approval before investing in an initial public offering or private placement. In addition our Code of Ethics has implemented policies and procedures governing the personal securities transactions of our Access Persons. Access Persons must obtain prior approval from the Chief Compliance Officer prior to executing personal securities transactions in their own accounts. Approval will not be granted until all client trades have been processed at the end of the trading day. If the Access Person's trades conflict in any way with client trades, approval will not be granted for that day.

We periodically provide training and education programs to our Access Persons and employees regarding the Code of Ethics and applicable laws. We periodically reviews the effectiveness of our Code of Ethics. A full copy of CIA's Code of Ethics is available upon request.

ITEM 12 BROKERAGE PRACTICES

CIA trades with well-established and highly reputable brokers who we believe can deliver best execution for our clients. In choosing brokers, we consider the brokers' track records and depth of expertise relative to the types of transactions we are executing.

We receive research from broker-dealers and third parties in connection with client securities transactions. This includes proprietary research as well as research created or developed by a third party. We believe that this research enhances our investment process and the returns in our client accounts.

When we use client brokerage commissions to obtain research, we receive a benefit because we do not have to produce or pay for the research. We may have an incentive to select or

recommend a broker-dealer based on our interest in receiving the research, rather than our clients' interests in receiving most favorable execution. We do not cause clients to pay commissions higher than those charged by the other broker-dealers with whom we trade.

We use soft dollar benefits to service all of our client accounts. We believe it would be impractical to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate

We receive brokerage and third party economic research, all of which fall within the safe harbor of section 28(e) of the Securities Exchange Act of 1934. Our key economic research providers are Bank Credit Analysts, Macro Research Board, Roubini Global Economics, Monitor, Applied Financial Group, Ned Davis Research, Decision Economics, and La Salle Economics. In addition, we pay for data analytic tools, the most important being Factset, Bloomberg, and Morningstar.

We select broker-dealers based upon their reputation, track record, and ability to deliver best execution for our clients. Selection of a broker for a particular transaction depends upon the capabilities of the broker and the complexity of the trade. Our "default" broker is currently Instinet, which has a strong track record of execution and which provides an open platform for research.

We do not consider client referrals in selecting brokers. We do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

We do not regularly permit clients to direct brokerage. In the small minority of cases where a client has directed brokerage, we may be unable to achieve most favorable execution of client transactions. Directing brokerage may cost clients more money.

We aggregate the purchase and sale of securities for various client accounts in all cases. All trades are executed at the end of the day and clients receive the benefit of reduced rates on aggregated trades.

ITEM 13 REVIEW OF ACCOUNTS

Each of CIA's accounts is monitored by the account manager and reviewed whenever significant economic events, changes in market conditions or important new developments concerning a security affect an individual account. In addition, each account is formally reviewed by a review committee of at least two investment officers at least every six months. The committee considers whether the specific objectives of the client are being met as to income versus capital appreciation, the asset allocation of the portfolio, the diversification of its holdings and whether the assets held satisfy our quality standards for investments. Each account manager prepares specific portfolio recommendations for achieving the goals and objectives of each account.

Trust accounts, as to which we advise individual Choate, Hall & Stewart LLP attorney-fiduciaries, are reviewed periodically in accordance with the instructions of the attorney-fiduciaries.

Regular monthly reports are furnished to all clients with the exception of those attorneys at Choate, Hall & Stewart LLP who act as fiduciaries and for whom our responsibility is limited to making non-discretionary recommendations regarding investment programs with respect to the assets that they manage in a fiduciary capacity.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

If a client is referred to CIA by a partner of Choate, Hall & Stewart LLP, CIA's affiliate, Choate, Hall & Stewart LLP may pay that partner a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. The cost of any such referral fee shall be borne entirely by Choate, Hall & Stewart LLP, and shall not result in any additional charge to the client.

ITEM 15 CUSTODY

Clients may authorize Choate, Hall & Stewart LLP to direct the disposition of the clients funds or securities. As such, Choate, Hall & Stewart LLP is deemed to be "custodian" as such term is defined in the Investment Advisers Act. Neither Choate, Hall & Stewart LLP nor CIA holds client funds or securities. SEI Private Trust Company acts as "qualified custodian" of such funds and securities.

Clients will receive monthly account statements directly from SEI Private Trust Company. Clients should carefully review those account statements.

We do not receive, hold or deliver client securities or funds. Such securities and funds are deposited by the client directly with the custodian. No officer or director of CIA has authority to obtain possession of funds or securities our clients.

ITEM 16 INVESTMENT DISCRETION

CIA accepts discretionary authority to manage securities accounts on behalf of our clients. Prior to accepting discretionary authority, we discuss the client's financial positions. The relationship of these positions to the specific investment goals and objectives of the client is of primary concern. Once these goals and objectives have been determined, the client is required to sign a Discretionary Investment Agreement and complete a schedule of investment guidelines. When this process is completed, CIA exercises its discretion to implement its decision as to the most appropriate investments for the client's portfolio.

ITEM 17 VOTING CLIENT SECURITIES

It is the policy of CIA to not exercise voting authority for proxies and corporate actions related to assets held by clients. Clients retain the right and obligation to vote proxies related to assets held

in their accounts. Clients will receive their proxies directly from SEI. Clients may contact CIA with any questions about a particular proxy or action.

ITEM 18 FINANCIAL INFORMATION

SEC registered investment advisors who have discretionary authority or custody of client funds or securities are required to disclose any financial condition that is reasonable likely to impair the advisor's ability to meet contractual commitments to clients. CIA has no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to clients.