



March 30, 2012

Aureus Asset Management, LLC  
One Winthrop Square, 3<sup>rd</sup> floor  
Boston, MA 02110

Telephone Number: (617) 728-8900  
Email: [info@aureus-asset.com](mailto:info@aureus-asset.com)  
Website: [www.aureus-asset.com](http://www.aureus-asset.com)

This brochure provides information about the qualifications and business practices of Aureus Asset Management, LLC (hereinafter "Aureus"), an investment adviser registered with the Securities and Exchange Commission. Please contact Karen Firestone, CEO/President of Aureus, if you have any questions about the contents of this brochure.

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 Aureus is available on the Internet at:  
[http://www.adviserinfo.sec.gov/\(S\(h14bhppzbqc4zy53ahw5gxos\)\)/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/(S(h14bhppzbqc4zy53ahw5gxos))/IAPD/Content/Search/iapd_Search.aspx)

You can search this site by a unique identifying number, known as a CRD number. The CRD number for Aureus is: 136674.

Aureus Asset Management is a registered investment adviser, registered with the Securities and Exchange Commission. Although we are a registered investment adviser, there is no specific training required nor are there tests or proof of skill needed in order to become a registered investment adviser.

**Material Changes:** There have been no material changes since our last update.

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

- 4.A Aureus Asset Management is an independent investment firm founded in 2005 to address the key financial challenges facing individuals, families and organizations today. By successfully adapting the investment sophistication of leading endowments and institutions to meet the individualized goals and objectives of our clients, we have created a unique contemporary wealth management model.

The co-founders of Aureus Asset Management are, Karen Firestone CEO & President, and David Scudder, Chairman. Other members at ownership levels above 10% are Nathaniel Jeppson and Thaddeus Davis.

- 4.B, C Aureus creates a portfolio consisting of one or all of the following: individual equities, ETFs, bonds, and other investment vehicles including private partnerships. Aureus allocates a client's assets among various investments taking into consideration the overall management style selected by the client. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Furthermore, at Aureus' discretion, a portion of the client's assets may be invested in an Aureus affiliated fund, provided such investments are consistent with the investment guidelines (the "Investment Guidelines") set forth in the investment management agreement entered into by the client and Aureus (the "Management Agreement"). As described in the Management Agreement, clients have the opportunity to place reasonable restrictions on the types of investments that will be made on the client's behalf.

#### ***Sub-Advisors***

Aureus may, from time to time, appoint one or more sub-advisors to manage client assets that may be invested in any or all such securities as previously noted. Aureus monitors all such client accounts on an on-going basis, and balance and reallocate assets as necessary. Aureus also monitors the performance of any sub-advisor. Aureus maintains the discretionary authority to hire and/or replace any sub-advisor as part of Aureus' engagement to manage the client's portfolio(s) consistent with the client's objectives.

When appropriate to the needs of the client, Aureus may directly utilize or select sub-advisors that utilize strategies including trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be utilized when consistent with the client's stated tolerance for risk.

Aureus is also the managing member of Aureus Fund I, LLC (the "Fund"), and Aureus Fund II, an investment-related limited liability company.

The Funds are focused on a long-term investment horizon and will seek out investment opportunities available through one or more unaffiliated funds and/or other investment alternatives utilizing independent investment managers.

Aureus provides its investment management services to the Fund on a discretionary basis in accordance with the terms and conditions of the Management Agreement and the Fund's subscription agreement. Aureus manages Fund assets solely through its selection of unaffiliated investment managers, including private fund managers and other money managers. Aureus will determine the initial asset allocation to each investment manager and any subsequent changes in asset allocation. Investors should review the disclosure documents and subscription agreement provided by the Fund for information about the investment strategies employed by Aureus and/or the independent investment managers as certain strategies may entail substantial risk. An investment in the Fund should only be made by investors who understand the nature of the investment, do not require liquidity in the investment and can bear the economic risk of an entire loss of their investment.

As of March 30, 2012, Aureus has discretion over \$625M in assets on which our fee schedule shown in item 5, applies. In addition we monitor \$50M in assets, on which we advise our clients but do not have full discretion. The fee on monitored assets is typically 20 basis points (0.20%), but varies based on the complexity of the account. The fees are then negotiated.

4.D Aureus does not participate in any wrap fee programs.

4.E As of March 30, 2012, Aureus had total assets under management of \$625 million, \$575 million which is discretionary and \$50 million which is non-discretionary.

#### **Item 5: Fees and Compensation**

5.A Fees are calculated as a percentage of assets under management, based on the market value of a client's portfolio at the end of each quarter. In general, fees are payable quarterly in arrears and prorated, for accounts coming or going, based on the date that assets are transferred.

The annual investment management fee shall be paid by the client as compensation for the investment management services to be provided hereunder and will be charged as a percentage of client's assets under management according to the following guidelines:

Portfolios managed by Aureus and utilizing third party money managers (e.g., internal and external portfolio management):

| <u>Assets under management</u> | <u>Annual Fee %</u> |
|--------------------------------|---------------------|
| \$5 to \$10 million            | 1.00%               |
| Next \$5 million               | 0.80%               |
| Next \$15 million              | 0.75%               |
| Next \$25 million              | 0.70%               |
| Over \$55 million              | 0.65%               |

Fees for separately managed accounts (managed exclusively through internal management or external managers) are determined on an account-by-account basis, depending on, among other criteria, mandate, size, requirements, etc.

5.B Fees are generally deducted from clients' accounts but occasionally invoiced separately.

Aureus Asset Management requires a minimum family relationship of \$5 million for Investment Management Services clients, with at least \$4 million in one separate account. If there are five or more accounts, the total of all accounts must be at least \$10 million.

The client acknowledges that he or she will be invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the quarter's end and authorizes Aureus to invoice the client's custodian directly. Clients shall be responsible for verifying the accuracy of the fee calculation and agree to instruct the custodians to pay such fees as directed by Aureus.

100% of our revenue is generated from asset management fees. We do not receive any revenue through subsidiary or affiliate relationships.

In addition to Aureus' fees, investment managers selected by Aureus charge underlying fees, resulting in investors paying multiple fees on their managed assets. These fees generally include a management fee in the range of 1-2% and a performance fee, based upon the previous high water mark, in the range of 15-25% in addition to the management fee. Clients should carefully review all of our offering and disclosure documents to more fully understand the costs assessed on their managed assets.

- 5.C If Fidelity Family Office is used for custody, there is no additional charge for custody. If accounts use another bank or brokerage firm for custody, then the custody arrangement is between the client and the custodian. If accounts hold shares in mutual funds, exchange traded funds, partnership interests or other outside managers, the fees charged by those managers are in addition to the fee charged by Aureus. In addition, the client will pay the brokerage fees associated with transactions in their accounts.
- 5.D Clients do not and may not pay any fees in advance.
- 5.E Neither Aureus nor any of its supervised persons receives commissions on transactions, security or mutual funds.

#### ***Negotiability of Advisory Fees and Minimum Requirements***

Aureus generally requires a minimum family relationship of \$5,000,000 for Investment Management Services clients. In certain cases, Aureus may accept accounts under this amount in its sole discretion based upon the client's individual circumstances; however all family members must be "accredited investors." Related Persons of Aureus (as defined below) are not subject to these minimum account requirements.

Aureus may provide Investment Management Services to employees and their immediate family members ("Related Persons") for a lesser fee than charged to other advisory clients. These Related Persons may also be exempted from Aureus' minimum account size requirements.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the Fund or any portion of the funds of an advisory client.

#### **Item 6: Performance-Based Fees**

Aureus does not currently charge a performance-based fee, but it may choose to do so in the future. In the event such a performance fee is to be charged in the future, it will be implemented in accordance with Section 205 of the Act.

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

Aureus provides investment management services to high net worth individuals, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations or other business entities, and privately-offered investment companies.

#### ***Other Business Activities***

In addition to being a SEC-registered investment adviser, Aureus also serves as the managing member of Aureus Fund I, LLC (the "Fund"). The Fund is a "fund-of-funds" and is exempt from registration as an investment company under the Investment Company Act of 1940 (the "Company Act") pursuant to the provisions of Section 3(c)(1) of the Company Act.

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

- 8.A Our investment approach is a deliberate departure from much of the mainstream Wall Street convention. All security selection at Aureus is the result of our own primary research. We generate ideas through multiple avenues - our extensive experience and knowledge of companies, proprietary screens of

quantitative and qualitative characteristics, and discussions with industry participants. Our fundamental research process involves interviews and meetings with management, conversations with academics and thought leaders in many fields, and modeling of each company over the next several years. We believe in a concentrated portfolio of 25-35 names, across a variety of industry sectors, countries, and market capitalization. These elements combine to build a "best ideas" separately-managed portfolio for each of our clients.

When we initiate a position in a stock or fund, we have an estimation of its intrinsic value and expected returns from current levels. This is based on our internally-driven research efforts and comprehensive projections of each company's growth rates (sales, earnings and cash flow) and returns. At least quarterly, we update our models and incorporate our latest analysis of the stock's prospects over the next few years. As a stock's price approaches, or sometimes exceeds our intrinsic value calculation, we reexamine all the assumptions inherent in that target; if our expectations for future growth are greater, the model will revise upward, resulting in a higher target price, but if the price cannot be justified, we sell the position.

Every relationship at Aureus receives customized investment advice and service. Our investment model is based on developing client-specific asset allocation policy and implementing that policy through a flexible and highly diverse investment platform. Combinations of separate accounts, pooled vehicles, and investments directly with external managers are used to meet customized client requirements.

- 8.B By virtue of our investment model, Aureus is itself a manager. Our internal equity team continually monitors risk for the portfolios we actively manage at various levels. First, the selection process for each individual stock in our portfolios requires in-depth assessment of the fundamental and valuation risks inherent in each company. Our analytical process demands that we fully understand the business risks a company might face. Equally important is the assessment of the valuation risk (expensive or not) imbedded in each stock we own on behalf of our clients. We believe the combination of these analytical frameworks provides significant risk control at the individual security level.

A further assessment of risk for actively managed equities takes place at the portfolio level where our proprietary reporting system aggregates risk metrics across an entire portfolio. We are continually aware of factors including sector diversification, relative position sizes, beta, tracking error and expected volatility on a consolidated basis.

External managers are monitored individually and as part of a combined fund allowing Aureus to fully understand where exposures and risks lie with these investments. At the individual manager level, we analyze returns and continually look at changes to leverage, portfolios and operations that might warrant further questioning. Because we only invest in managers who are specialists, we can more easily identify meaningful changes. For example, we have redeemed managers who began to stretch the definition of their respective specialization. We have identified sector creep by reviewing manager holdings and then confirmed our suspicions through detailed discussion.

- 8.C On a combined basis, we continuously review our overall exposure to leverage, geography, and sectors. This type of information is critical during periods of market unrest.

#### **Item 9: Disciplinary Information**

9. No members or staff of Aureus Asset Management has been the subject of any complaints or been involved in any legal or disciplinary events.

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

10.A No member of Aureus is a registered broker-dealer nor a representative of one.

10.B Not applicable.

10.C Not applicable.

10.D Aureus does not receive compensation for referring our clients to other investment advisers. No members of Aureus receive compensation for referring clients to other investment advisers.

As disclosed, Aureus provides advice to the Fund, which in turn will invest in other pooled investment vehicles. Aureus will also utilize unaffiliated investment managers for management of clients' assets.

Aureus will analyze the selected investment manager's performance regarding a client's portfolio to determine if it is consistent with the client's Investment Guidelines as set forth in the Management Agreement.

Clients should refer to the Fund's offering documents for general information regarding the methods of analysis, sources of information and investment strategies used by the independent investment adviser in servicing client accounts. More specific information concerning the underlying managers can be obtained upon request.

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

11.A Aureus has adopted a Code of Ethics that sets forth high ethical standards of business conduct that Aureus requires of its access persons, including compliance with applicable federal securities laws. Our Code of Ethics also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Aureus' access persons. Among other things, Aureus' Code of Ethics also requires the prior approval of any acquisition of any securities other than investments in open-end mutual funds, certificates of deposit, and certain securities offered by the U.S. government or foreign governments. Our Code of Ethics also includes oversight, enforcement and recordkeeping provisions. A copy of Aureus' Code of Ethics is available to Aureus' advisory clients or prospective clients upon request to the Chief Compliance Officer at Aureus' principal office address.

11.B In no case, does a member or employee have a material financial interest in a security being recommended to a client. Members and employees of Aureus may buy or sell securities that Aureus also recommends to clients. Members and employees adhere to the Aureus Personal Trading Policy, which places the clients' interests above those of the members and of our employees. In our Personal Trading Policy, members and employees are prohibited from buying securities from or selling securities to clients.

11.C,D All employees at Aureus must receive approval from the Chief Compliance Officer for any personal trades and all trading is carefully evaluated so as to insure it is not in conflict with the clients' best interests.

**Item 12: Brokerage Practices**

12.A Aureus has established a prime brokerage account relationship with Fidelity Brokerage Services LLC through which it may effect securities transactions directly from third parties and maintain custody at Fidelity. In this situation, Aureus will select those broker-dealers that will provide the best services at the lowest commission rates possible. The reasonableness of brokerage costs, commissions, and markup/markdowns is based on the broker-dealer's ability to provide professional services, competitive



execution, and other services that will help Aureus in providing investment management services to clients.

- A.1.a. As of August 1, 2011, Aureus maintains no soft dollar relationships, but reserves the right to enter into soft dollar transactions in the future. In the event Aureus shall receive any research or execution services that are paid for by soft dollars, Aureus will do so only in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended. Any research reports, economic analyses, market observations newsletters, and/or statistical data are paid for as direct expenses by Aureus. If Aureus had to produce these analyses and research itself, it would increase our costs significantly and would require us to raise the fees that we charge our clients.
- A.1.b. Aureus participates in the Fidelity Registered Investment Advisor Group ("FRIAG) program, sponsored by Fidelity Brokerage Services LLC, a FINRA registered broker-dealer. As part of the FRIAG program, Aureus receives benefits that it would not receive if it did not offer investment advice. These benefits include: A dedicated trading desk that services FRIAG participants exclusively, a dedicated service group and an account services manager dedicated to Aureus' accounts, access to a real-time order management system, ability to 'block' client trades, electronic download of trades, balances and positions, access, for a fee, to an electronic interface with FRIAG's software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of selected third-party research and technology, a quarterly newsletter, access to Fidelity mutual funds, access to AdvisorChannel.com (Internet access to statements, confirmations and transfer of asset status), access to Account View (through which clients may access their account information over the Internet via Aureus' website) access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity, of which over 2,000 have no transaction fees, ability to have loads waived for Aureus' clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances). While the client might be able to obtain a lower commission in certain instances, we feel the quality of the execution, the ancillary services and the tailored account support provides a benefit that more than outweighs the lower commission.
- A.1.c. Aureus maintains no soft dollar relationships and is not aware of any of our clients consistently paying commissions that are higher than those charged by other broker-dealers.
- A.1.d. Aureus maintains no soft dollar relationships, but instead directly purchases research and services to enhance the investment management of our client's assets. Research and services are purchased for the benefit of all of our clients and are not accounted for on a case-by-case basis.
- A.1.e. At Aureus there are no products and services expressly paid for with client brokerage commissions. Aureus maintains no soft dollar relationships, but does participate in the Fidelity Registered Investment Advisor Group ("FRIAG) program, sponsored by Fidelity Brokerage services LLC, a FINRA registered broker-dealer. As part of the FRIAG program, Aureus receives benefits that it would not receive if it did not offer investment advice (see A.1.b for a full list of the benefits of this participation). Research and other services deemed valuable to the investment management of clients' assets are paid for directly by Aureus; and include: FactSet Research Systems, Yardeni Research, StreetAccounts, FirstRain, and periodic subscriptions to statistical/data services (e.g., Ned Davis Research and Morningstar's Ibbotson Data).
- A.1.f. Aureus maintains no soft dollar relationships and, therefore, there is no need to track commissions relative to specific dollar targets. Instead, Aureus tracks its commission dollars in an effort to monitor



and manage client expenses. Client brokerage commissions are directed to ensure competitive trade execution or to maximize the benefit to the management of the client's assets.

- A.2. Aureus suggests based on attractive pricing and quality that a new client use Fidelity Brokerage Services LLC, a FINRA registered broker-dealer for custody. Some new clients request to maintain the existing custody arrangement with a bank or a broker-dealer, and we try to accommodate the request. In the past, we have not received many client referrals from broker-dealers, nor do we expect to in the future.
  - A.2.a. Broker-dealers that Aureus selects to execute transactions may periodically refer clients to Aureus. Aureus will not make commitments to any broker-dealer to compensate that broker-dealer and there is no incentive; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and Aureus' interest in receiving future referrals. If the client maintains an account at the broker-dealer, Aureus will generally trade through that broker-dealer.
  - A.2.b. Aureus did not direct any client transaction to broker-dealers in return for client referrals in 2010, nor do we expect to in 2011.
- A.3.a. For the vast majority of trades, the client is not involved in the choice of the brokerage firm for execution of trades. There are some accounts where the client has directed us to use a specific broker-dealer. Aureus pledges to do our best to honor this request, but we also let the client know that the pricing and execution might not always be as advantageous as when brokerage is not directed.
- A.3.b. When clients have directed us to use a specific broker-dealer or have chosen to use a broker-dealer for custody, Aureus will inform the client that trade execution might not always be as advantageous as when the brokerage piece is not captive.
- B. Aureus will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Aureus to execute equity trades in a timelier, equitable manner and to reduce overall commission charges to clients. Trades for affiliated accounts may be included in Aureus client block trades in accordance with Aureus' policies set forth in the firm's Code of Ethics. For clients who do not qualify for an aggregate order, there is a chance that the commission will be higher than if the trade had been included with others.

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

- 13.A For advisory client accounts managed by Aureus, portfolios and portfolio securities are reviewed on an on-going basis and in addition, receive quarterly or semi-annual reviews by members of Aureus. Frequency of reviews are determined in consultation with clients.
- 13.B More frequent reviews may be triggered by changes in variables such as market, political or economic circumstances, or changes in a client's individual financial objectives or circumstances. Additional reviews may also be performed at the request of a client.
- 13.C Aureus will provide quarterly reports to clients which will include portfolio positions, values, performance and investment yields, among other information. Clients will also receive reports and confirmations of any transactions from broker-dealers or custodians maintaining the client's account. Our clients receive detailed quarterly statements including the following:

- Performance for any desired grouping of accounts compared to relevant benchmark, typically the S&P 500. We provide this over various time periods (e.g. current quarter, year-to-date, and account inception-to-date).
- The same performance analytics on an individual account basis.
- Detailed transparency in terms of individual securities held in each account as well as a summary of these securities by sector.
- A summary of all transactions that took place in the account over a given reporting period.
- On a quarterly basis we provide clients a detailed attribution discussion of the individual securities in the portfolio that contributed to the loss/gain for the period.
- The most recent value for the Fund.

For those clients that require more detailed analytics for the Fund, we provide performance and positioning updates for individual sub-managers as well as a consolidated analysis of exposures by long/short/gross/net, sector, and geography.

***Aureus Fund I, LLC:***

Aureus will provide each member, as soon as practicable after the close of each fiscal year, audited financial statements and any other information necessary to enable each member to prepare its income tax returns. The Fund's ability to provide tax information to its members is dependent on the Fund being furnished with tax information by other investment funds and, in some cases, portfolio companies. To the extent that investment funds and portfolio companies provide the Fund with tax information that is incorrect or untimely, the Fund will not be able to furnish investors with correct tax information in a timely manner. Members of the Fund should be aware that they may need to file tax returns after April 15th (and therefore seek an extension with respect to filing) because of the typical pace at which tax information is available from certain types of investment funds and that an investment in the Fund may complicate their tax returns. Aureus may also prepare and deliver to each Member a quarterly unaudited report of the investor's capital account, plus any additional information Aureus deems pertinent.

We produce a quarterly statistical review of each individual manager as well a consolidated view of the Fund. Key areas of evaluation include geographic, sector, exposure as well as leverage profile. These reports are shared with all clients.

Aureus also sends written reports to our clients outlining our strategic thinking about various topics or themes. We post these on our website.

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

- 14.A No outside entity pays Aureus for investment advice to non-clients.
- 14.B Aureus does not compensate any outside party for referrals.

**Item 15: Custody**

Aureus does not serve as custodian for client's accounts. Most of our separate portfolios are held at Fidelity Family Office Service Group, which provides custodial services and from whom our client's receive monthly statements in addition to what we send them. Other clients having prior relationships with a bank or investment bank, continue to use that firm as custodian. Clients should compare the account statements that they receive from their custodian with those that they receive from us. Brown

Brothers Harriman is the administrator for the Fund but the assets of that fund are held with the different managers' custodians.

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

Aureus has investment discretion for the vast majority of our clients. This discretion is spelled out in the investment management agreement that is signed by the client before the account is opened.

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

Aureus maintains written Proxy Policy & Procedures that reflect the firm's duty as a fiduciary to vote proxies in the best interests of our clients. Certain clients may have expressly retained proxy-voting authority and in such instances Aureus has no proxy voting responsibility and may not take any action regarding those clients' proxies.

In the event of any actual or potential conflicts of interest in the voting of any client proxies, Aureus will either request that the client vote the proxy(s), abstain from voting, or vote the client proxies based on pre-established voting guidelines, depending on the circumstances. Furthermore, unaffiliated investment managers selected by Aureus will have proxy-voting authority for securities under their management.

Aureus maintains relevant and appropriate proxy records as part of the firm's Proxy Policy & Procedures. Our Proxy Policy & Procedures including information about the voting of a client's proxies, where Aureus has such proxy-voting responsibility, are available to a client upon written request sent to Aureus, Attention: *Client Services*.

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

18.A Aureus does not require or solicit prepayment of any fees from clients and therefore is not required to include a balance sheet for its most recent fiscal year.

18.B Aureus has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

18.C Aureus has never been subject of a bankruptcy petition.



March 30, 2012

**Aureus Asset Management  
Part 2B of Form ADV  
Brochure Supplement**

One Winthrop Square, 3<sup>rd</sup> fl.  
Boston, MA 02110  
(617) 728-8900  
[www.aureus-asset.com](http://www.aureus-asset.com)

This brochure supplement provides information about Karen Firestone, David W. Scudder, George Nathaniel Jeppson and Thaddeus Hallock Davis that supplements the brochure of Aureus Asset Management ("Aureus"). You should have received a copy of that brochure. Please contact Aureus if you did not receive the brochure or if you have any questions about the contents of this supplement.

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## **Karen M. Firestone, President & CEO**

### **Educational Background and Business Experience**

Ms. Firestone was born in 1956.

### **Educational Background**

Graduated from Harvard Business School in 1983 with a MBA

Graduated from Harvard College in 1977 with a B.A. in Economics

### **Business Background**

Member, Chief Compliance Officer, Aureus Asset Management, LLC from 07/05 to present.

Mutual Fund Manager, Fidelity Investments, from 07/83 to 04/05.

Karen is Chief Investment Officer and portfolio manager of the firm's internally-managed equity portfolio and brings more than 25 years of investment experience to Aureus. She was a portfolio manager of mutual funds and institutional accounts at Fidelity Investments for 22 years, prior to co-founding Aureus. At Fidelity, Karen managed some of the company's best known growth-oriented mutual funds, with responsibility for several industry-specific funds (especially in health care). Her background also includes working as a member of Peter Lynch's Magellan Fund team. Additionally, Karen serves as Chairman of the Board of the Commonwealth School. Karen also serves on the board of the Beth Israel Deaconess Medical Center and the Boys & Girls Clubs of Boston. Karen earned her BA from Harvard College and her MBA from Harvard Business School.

### **Disciplinary Information**

There have been no legal or disciplinary actions against Ms. Firestone.

### **Other Business Activities**

Ms. Firestone has no other business involvements other than Aureus Asset Management.

### **Additional Compensation**

Ms. Firestone receives no additional compensation other than from Aureus Asset Management.

### **Supervision**

Ms. Firestone and the other members of Aureus manage clients' accounts as a team. All portfolios are reviewed with the individuals involved in evaluating the types of investments being considered. Ms. Firestone is the CEO but she works in tandem with the other professionals working with client accounts. That would be true for the primary and secondary contact for each client relationship. The other members of the Aureus team, telephone number (617) 728-8900, supervise Ms. Firestone.

## **David W. Scudder, Chairman**

### **Educational Background and Business Experience**

Mr. Scudder was born in 1936.

Graduated from Harvard College in 1957 with an A.B. in English

### **Business Background**

Member, Aureus Asset Management, LLC from 07/05 to present.

Vice President of Trusts, Harvard Management Company, from 02/99 to 06/05.

Partner, Wellington Management Company, 1968 to 1998.

David brings more than 35 years of investment and wealth management experience to Aureus. As a partner of Wellington Management Company, from 1968-1998, he managed institutional and individual portfolios, with responsibility for both asset allocation and equity management. At Harvard Management Company, from 1999-2005, he provided overall investment direction for the more than 600 charitable trusts for which Harvard acts as trustee. Additionally, he has served as a trustee for several family groups and for five non-profit organizations, including the New England Conservatory, the Isabella Stewart Gardner Museum, the Massachusetts Eye & Ear Infirmary, and St. Mark's School. David has many years of experience managing equity portfolios, helping to select and monitor managers in all asset classes, dealing with inter-generational family issues, examining philanthropic goals and responsibilities, and providing leadership to boards of trustees as well as to families. David received his BA from Harvard College.

### **Disciplinary Information**

There have been no legal or disciplinary actions against Mr. Scudder.

### **Other Business Activities**

Mr. Scudder serves on an advisory role on the following:

Eastern Bank Board of Advisors

Cabot-Wellington Board of Advisors

Market Street Trust Company Board of Advisors

He also serves as a trustee on the following:

Coolidge family trusts

Kellogg family trusts

Sprague Trust of 1920

Sayles Group and Trusts

Harriman Trusts

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## **Additional Compensation**

Mr. Scudder receives compensation for his duties as an advisor or trustee on all of the above.

## **Supervision**

Mr. Scudder and the other members of Aureus manage clients' accounts as a team. All portfolios are reviewed with the individuals involved in evaluating the types of investments being considered. The other members of the Aureus team, telephone number (617) 728-8900, supervise Mr. Scudder.

## **George Nathaniel Jeppson, Partner**

### **Educational Background and Business Experience**

Mr. Jeppson was born in 1968.

#### **Educational Background**

Graduated from the Wharton School, University of Pennsylvania in 1998 with a MBA in Finance

Graduated from Bowdoin College in 1991 with a B.A. in History/Government

#### **Business Background**

Member, Aureus Asset Management, LLC from 07/05 to present.

Partner, Lyceum Capital, from 01/04 to 02/05.

Self-employed as an independent contractor from 07/02 to 01/04.

Vice President, Allen & Company, Incorporated, from 05/98 to 07/02.

Prior to joining Aureus, Mr. Jeppson was a Partner at Lyceum Capital, with responsibility for business development and client service. Prior to that, he was a Vice President at Allen & Company Incorporated where his responsibilities included private equity and mergers & acquisition transactions. Before that, he was an Associate at Bankers Trust Company where he specialized in Latin American mergers & acquisitions and private equity transactions. Before that, Nat worked for OFFITBANK in the firm's high-yield fixed-income department. Nat received his BA from Bowdoin College and holds an MBA from the Wharton School at the University of Pennsylvania. Nat is a member of the St. Mark's School investment committee, and Overseer of the Institute of Contemporary Art/Boston, and a member of the Bowdoin College Museum of Art Advisory Council.

#### **Disciplinary Information**

There have been no legal or disciplinary actions against Mr. Jeppson.

#### **Other Business Activities**

Mr. Jeppson has no other business involvements other than Aureus Asset Management.



## **Additional Compensation**

Mr. Jeppson receives no additional compensation other than from Aureus Asset Management.

## **Supervision**

Mr. Jeppson and the other members of Aureus manage clients' accounts as a team. All portfolios are reviewed with the individuals involved in evaluating the types of investments being considered. The other members of the Aureus team, telephone number (617) 728-8900, supervise Mr. Jeppson.

## **Thaddeus Hallock Davis, Partner**

### **Educational Background and Business Experience**

Mr. Davis was born in 1970.

### **Educational Background**

Graduated from the NYU Stern School of Business in 2003 with a MBA in Finance  
Graduated from Harvard College in 1993 with a B.A. in English

### **Business Background**

Member, Aureus Asset Management, LLC from 07/05 to present.  
Vice President, Analyst, Bear Stearns, from 03/02 to 06/05 .  
Vice President, Analyst, Putnam Investments, from 12/98 to 06/01.  
Thad joined Aureus from Bear Stearns Asset Management where he was a Vice President responsible for research and management of large-cap value equity portfolios. Prior to joining Bear, he was a Vice President and Portfolio Analyst for Putnam Investments, covering mid- and large-cap growth equities. Thad began his career in finance in sell-side research and was an Associate Analyst at Banc of America Securities (Montgomery Securities) focusing on the hospitality industry. He received his BA from Harvard College and holds an MBA from NYU's Stern School of Business. Thad is a member of the Boston Security Analysts Society and serves on the audit committee for The Shady Hill School.

### **Disciplinary Information**

There have been no legal or disciplinary actions against Mr. Davis.

### **Other Business Activities**

Mr. Davis has no other business involvements other than Aureus Asset Management.

## **Additional Compensation**

Mr. Davis receives no additional compensation other than from Aureus Asset Management.

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## **Supervision**

Mr. Davis and the other members of Aureus manage clients' accounts as a team. All portfolios are reviewed with the individuals involved in evaluating the types of investments being considered. The other members of the Aureus team, telephone number (617) 728-8900, supervise Mr. Davis.