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**April 23, 2012**

**Firm Brochure (Part 2A for Form ADV)**

Form ADV Part 2, our “*Disclosure Brochure*” or the “*Brochure*,” is required by the Investment Advisers Act of 1940 and is a very important document between Clients (you, and your) and Banyan Partners, LLC (Banyan, us, we, and our). This Brochure provides information about our qualifications, services, and business practices.

If you have any questions about the contents of this Brochure, please contact us at 800.422.6172 or [info@banyanpartners.net](mailto:info@banyanpartners.net). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Banyan also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select “*investment adviser firm*” and type in our firm name or our CRD number (#141398). The search results will provide you both Parts 1 and 2 of our Form ADV.

We are a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information for your use in evaluating us as well as other advisers in your decision to hire us or to continue to maintain a mutually beneficial relationship with us.

## Item 2 – Material Changes

On August 12, 2010, the United States Securities and Exchange Commission published “*Amendments to Form ADV*,” which requires us to provide clients with this Brochure and a brochure supplement written in plain English. This Brochure, dated March 31, 2011 and updated as of April 23, 2012, is prepared according to the SEC’s new requirements and rules.

New disclosures in this document include the following items not previously disclosed in our Form ADV:

- Successful completion of our acquisition of Earl M Foster Associates, an SEC registered adviser, located in Miami, FL.
- Effective April 23, 2012 we increased our household minimum for new advisory relationships from \$500,000 to \$1,000,000 (\$1 million).
- Effective April 23, 2012 for new clients to Banyan, the firm charges an annual percentage-based fee on assets under management according to a tiered fee schedule as identified in Item 5. Fees and Compensation.
- On September 8, 2011 we introduced the Covered Call Equity Strategy for clients with \$500,000 or more to invest that have a moderate risk tolerance and are seeking capital appreciation as well as consistent income. Under this strategy we construct a customized portfolio of approximately 20-25 large or mid-cap growth stocks and employ a covered call writing strategy.
- Termination of our investment agreement must be made in writing with a 30 day notice allowing for the completion of any pending trade settlements, for the liquidation of assets if required and the preparation of gain and loss reports. Accounts terminated before the end of the initial full quarter will not be reimbursed for fees.

In future filings, this section of the Brochure will address only those “*material changes*” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IARD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We also may, at any time, update this Brochure and either send you a copy or offer to send you a copy via electronic means (email) or in hard copy form.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated on the cover page or contact us at 800.422.6172 or [info@banyanpartners.net](mailto:info@banyanpartners.net).

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## Item 4 – Advisory Business

### Description of Advisory Services

Banyan Partners, LLC, a limited liability company formed under Florida law, was established in 2006 and is headquartered in Palm Beach Gardens, FL. We are an SEC-registered investment adviser and do not have any subsidiary companies. Our firm has regional offices in Naples FL, New York NY, Atlanta GA, Boston MA and now Miami FL. In October 2011, we acquired the assets of Earl M. Foster Associates, another SEC registered investment adviser located in Miami FL. The executives and employees of the firm accepted positions with us.

Banyan Partners is a private firm with thirty-nine (39) employees. Our President and CEO, Peter J. Raimondi, is a principal owner and holds the largest membership interest. David Bottoms, our Executive Managing Director, is the largest minority holder with over a 10% interest. Banyan also has other principals, each of whom has less than 10% interest.

Our investment philosophy is to grow wealth and manage risk throughout a full market cycle. We are committed to providing a personalized and unique approach to investment management through thoughtful analysis and understanding of your investment needs and risk tolerance. Banyan Partners investment management and advisory services include giving continuous guidance and directing the investments for each client based upon their unique personal circumstances and objectives. Banyan's investment advisor representatives' work with each client to develop a customized investment portfolio designed to meet those needs.

Furthermore, we understand the importance of ongoing communication and will provide you with comprehensive quarterly portfolio reports, annual portfolio reviews, and interim reviews as warranted.

As an investment adviser, we provide investment services and wealth management counseling. Our clients include, but are not limited to, individual and institutional investors. Banyan offers services primarily on a *discretionary* basis. *Discretionary* services means that you give us written authorization to make investment decisions on your behalf and to exercise this discretionary authority. This means that Banyan will make all the decisions to buy, sell or hold securities or other investments, including cash, in the managed account based on our discretion without consulting with the client before making those transactions. Clients may place reasonable and limited restrictions on their accounts such as specific investment selections and sectors. However, Banyan may choose not to enter into an investment adviser relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or approach or where the prospective client seeks to impose unduly restrictive investment guidelines.

As of December 31, 2011, we had approximately 3,000 accounts with assets valued at approximately \$1.1 Billion under our management. These values represent both discretionary and non-discretionary accounts using our services. Please refer to Part 1 of our ADV for breakdown.

Our minimum investment for providing customized, discretionary portfolio services is \$1,000,000 (\$1 million). Banyan may grant exceptions to this minimum for pre-existing clients, related households, or on a pre-approved basis only. Additional information describing our fees and rates is outlined in Item 5 of this Brochure. We require an executed investment advisory agreement with all clients, regardless of the services to be provided.

Neither party may assign this Agreement without the consent of the other party. Both parties acknowledge and agree that transactions that do not result in a change or actual control of management shall not be considered an assignment.

### **Wealth Management & Non-Discretionary Investment Services**

We offer a range of wealth management services based on your needs that include reviewing your current estate plan, educational savings plan, insurance holdings, tax situation, cash flow and retirement plan. Our financial planning fees are charged at a one-time, flat rate that ranges from \$5,000 to \$15,000, depending on the scope of services. We can also recommend the services of other professionals to assist you with the implementation of our recommendations. It is important to note that we will rely on you to determine the accuracy of any information that we receive from you or that is provided by a third party on your behalf, such as an accountant or banker, in providing our services.

Banyan also provides non-discretionary investment advisory consulting services on a limited basis. We will make investment recommendations for you based on your investment objectives, risk tolerance and financial circumstances. Our initial investment recommendations will include asset allocations and specific investments. It will be your decision to implement these recommendations. We will provide ongoing and continuous advice and guidance.

### **Discretionary Investment Services**

The majority of our investment services are provided on a discretionary basis. This means we will select for you which securities to buy and sell, the timing of these transactions, the amount of securities to be bought/sold, and execute these trades through your custodian or broker-dealer.

Prior to developing your investment plan, we will discuss with you: 1) your financial objectives and goals; 2) how long you intend to remain invested; 3) if you anticipate the need to periodically take funds from your account; and 4) your tolerance for risk. We will perform on-

going monitoring of your account, provide you with quarterly reports, and conduct periodic investment reviews. We will also discuss with you any limitations or restrictions that you wish to impose on your accounts and make a mutual determination as to their application(s).

## Item 5 – Fees and Compensation

As previously mentioned, we require all clients to sign an investment advisory agreement prior to providing services. This agreement describes the scope of our services and general terms such as how we calculate and charge our fees. We assess fees in one of two ways:

- We charge a flat fee for financial counseling and wealth management services; and
- We charge a percentage fee based on the market value of your account for both discretionary and non-discretionary investment services.

Portfolio Valuation	Annual Fee
<b><i>Custom Equity or Blended Portfolio</i></b> (\$1,000,000 initial investment minimum)*	
• On the First \$1.0 million	1.25%
• On assets of \$1,000,001 to \$5,000,000	1.00%
• On assets of 5,000,001 to \$10,000,000	0.85%
• Fee negotiable on assets above \$10 million	
• <b>Option Overlay</b> (additional fee added to equity fee as noted above)	0.25%

### ***Custom Individual Bond Portfolio*** (\$1 million minimum investment)

- |  |       |
|--|-------|
| • \$1,000,000 up to \$5 million in total aggregate value | 0.50% |
| • Above \$5,000,000 in total aggregate value             | 0.40% |

In limited and unique circumstances, Banyan reserves the right to negotiate these management fees based on factors such as the client's financial situation, the amount of assets under management and the overall complexity of the services provided. As a result, Banyan may charge a higher or lower fee than those described in this section. Furthermore, in certain unique relationships, the terms for fees and billing may differ from those described above.

Accounts established prior to January 2011 may have a different fee schedule. Notwithstanding the fee structure set above for discretionary investment services, from time to time management fees may be subject to negotiation and adjustment in billing practice at Banyan's discretion.

Banyan believes that the fees it charges for customized investment services are competitive with fees charged by other advisors however comparable services may be available from others at lower fees.

You may make additions to and withdrawals from your account at any time. We will perform an interim fee calculation during any quarter after you establish your account in the event you deposit an additional \$500,000 or more in either securities or cash. This fee will be pro-rated based on the number of days remaining in the quarter. We reserve the right to sell any securities that you transfer into your account or we can decline to accept them into your managed account. There are several things that you should keep in mind if you transfer a security into one of the accounts that we manage for you: 1) Liquidation of securities may have tax implications 2) You may incur transaction fees such as contingent deferred sales charges assessed by mutual fund companies

If you withdraw \$500,000 during the quarter, then we will apply a credit for the fees that we would have earned on this amount for the remaining number of days of the quarter. This credit will be applied towards our next quarter fees. It is important to note that we manage your assets as long-term investments and withdrawals can impair the attainment of your investment objectives.

#### **Financial Counseling/Wealth Management**

Our flat-rate fees are determined by the scope of services that you request and the number of meetings we expect to have with you to complete the engagement. The fees are determined in advance and can range from \$5,000 to \$15,000. They are due at the beginning of the engagement and may be paid either in one lump sum or in installments. Installments are made by remitting one-half of the fees in advance and the remaining balance when we complete our services.

#### **Non-Discretionary Investment Services**

Our fees for non-discretionary investment advisory consulting will be determined at the time you sign the investment advisory agreement and are based on the market value of assets under our advisement. We charge an annual rate that is negotiated at, or prior to, the engagement. We will bill you at the beginning of each quarter based on the market value of the assets in the account for which we are making recommendations as of the last business day of the previous quarter. Our fees do not include brokerage commissions, transaction costs and other related expenses.



### **Discretionary Investment Services**

Our fees for discretionary investment services are set at the time you sign the investment advisory agreement and are based on our standard fee schedule and the market value of assets under our advisement. We charge an annual rate that is determined based on our fee schedule and total value of your portfolio at or prior to the engagement. We will bill you at the beginning of each quarter based on the market value of the assets in the account we are providing investment management services to as of the last business day of the previous quarter. Our fees do not include brokerage commissions, transaction costs and other related expenses.

### **Custom Equity Portfolios**

We charge an annual fee, which excludes brokerage commissions, transaction costs, and other related expenses. This fee is prorated and charged in advance at the beginning of each calendar quarter based on the market value of the assets under management as of the last business day of the previous quarter or when your account is funded.

While we do require a minimum account size for establishing a portfolio, we reserve the right to accept portfolios below that minimum.

We currently maintain several specialized strategies that were in place prior to January 1, 2011. Although we maintain a minimum household relationship of \$1,000,000, pre-existing clients may continue participation in selected pre-existing strategies

### **Customized Bond Portfolio**

We charge an annual fee, which excludes brokerage commissions, transaction costs, and other related expenses. This fee is prorated and charged in advance at the beginning of each calendar quarter based on the market value of the assets under management as of the last business day of the previous quarter or when your account is funded.

### **Fee Payment Method**

At the beginning of our relationship and each quarter thereafter, we will notify both you and your custodian of the amount of the fee due and payable to us based on our fee schedule and the investment advisory agreement. We will mail to you each quarter the exact amount of the proposed fee withdrawal as well as the information that we used in its calculation (balance, rate, etc.).

The custodian will facilitate the deduction of the fee from your account within 45 days of the beginning of the quarter. If you have more than one account with the custodian then you may elect to pay all of our advisory fees from a specific account. You will be required to

authorize your custodian to allow us to debit your account(s) for fees. If you do not have a sufficient money market balance in your account to cover our fees, or if you have other debits, then we may redeem investments in your account in the amount necessary to satisfy these obligations. You should be aware that the custodian does not validate or check our fee, its calculation, or the value of assets on which we base the fee.

You will receive account statements directly from your custodian showing all transactions, positions and credits/debits into or from your account. The statements at the beginning of each calendar quarter will reflect these transactions, including the advisory fee paid by you to us – you should always carefully review your statement and confirm our fees. For example, your January monthly statement will show the deduction of our management fees for the first quarter period (January through March).

Payment-by-check is reserved only for existing clients in outside Annuity or 401k products and for whom we provide non-discretionary investment services. At the beginning of our relationship and each quarter thereafter, we will issue you an invoice for our services and you may pay us by check or wire transfer within 15 days of the date of the invoice.

#### **Cancellation Process, Accrued Fees & Refunds**

Banyan requires a 30 day written notice of termination. This will allow us sufficient time to confirm that all trades are settled, allows us sufficient time to prepare gain and loss reports and handle any liquidation or transfer requests you may have.

You shall have five (5) business days from the date of execution of our Agreement to terminate our services for a full refund. Should you terminate this agreement during the first three months of investment management services, the management fee paid through that period will not be reimbursed. Should you terminate this agreement after three months of investment management services we reserve the right to retain up to one month's management fee for services related to closing the account.

The above pro-rated amounts for discretionary investment services will be calculated using the market value of your account on the last day of the previous quarter and the agreed upon advisory fee rate.

For discretionary investment services we will cease making investment decisions for you and implement any reasonable account instructions that you provide upon written receipt of your 30 day notice of termination. Your account can be closed and funds withdrawn only after any open trades have been settled. All investments in your account may be sold or redeemed at your direction and cash or money market shares held until you provide us instructions as to how to handle your assets. We will refund you any fees due by either crediting your account or disbursing a check to you by Banyan. Refunds generally are processed within 45 business days upon notification of termination.

## Additional Fees and Expenses

Our advisory fees do not include the costs associated with the purchase or sale of securities for your account(s). The following is a list of fees and expenses that may be directly billed to you/deducted from your account by third parties in the event that a security is purchased, sold or held in your account(s) under our management.

- Brokerage commissions
- Exchange fees
- Custodial fees
- Odd-lot differentials
- Deferred sales charges (on MF or annuities)
- Wire transfer and electronic fund processing fees; and
- Advisory fees and administrative fees charged by mutual funds (MF) and exchange traded funds (ETFs)
- Transaction fees;
- SEC fees
- Transfer taxes
- Margin interest

The fees listed above are charged by the broker dealer/custodian and we do not directly or indirectly share or receive any portion of these fees. They are paid to your broker, custodian, the mutual fund company, or annuity issuer, as applicable.

We participate in Mutual Funds platforms through several custodians that allow us to purchase no load mutual funds or load-waived funds. Accordingly, you should not expect to pay mutual fund charges unless you liquidate a fund that was not purchased through us or you are charged a short-term redemption fee because we believe it is appropriate to liquidate the fund prior to reaching a specific holding period. Note that clients who do not trade through these custodians may not be eligible for these no load funds.

Banyan will assist you in establishing a managed account through a qualified custodian (a broker/dealer, registered investment advisor, bank, etc.). Banyan may recommend a particular custodian based on previously established relationships.

Most Banyan clients hold their accounts at one of three custodians – TD Ameritrade, Fidelity, or Charles Schwab. Clients holding their accounts at any of these custodians may elect to participate in an electronic delivery program (“e-delivery”). E-delivery is available for most account types and allows participants to receive transaction confirmations, statements, prospectuses, financial reports, and similar documents electronically. E-mail notifications are sent with a link or URL address for a secure website where accounts are password protected per individual client.

Banyan may allow a client to direct us to use a specific custodian. When accepted, the client should recognize that Banyan may not be able to obtain best prices for execution. In addition, clients directing the use of a particular custodian may not benefit from Banyan aggregating trades.

We also think it is important that you know that Banyan does not have any “Employees” who are compensated, directly or indirectly, for selling securities or investments that are purchased or sold for your account or to which we provide consulting expertise/services. This means we are a “*fee only*” investment adviser and we do not have any potential conflicts of interest regarding any additional or undisclosed compensation.

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

Banyan manages accounts that pay asset-based management fees. We do not currently charge advisory fees based on a share of the capital appreciation of the funds or securities in your account (“performance based fees”), however, we reserve the right to do so on an individual basis.

## **Item 7 – Types of Clients**

Banyan provides advisory and wealth management services to a wide variety of clients. We extend our services to:

- Individuals;
- Trusts, estates and charitable organizations;
- Corporations or other business entities; and
- Pension and profit sharing plans.

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

### **Methods of Analysis**

Banyan primarily uses fundamental analysis in evaluating securities. Fundamental analysis involves looking at economic, financial and other qualitative and quantitative factors in an effort to measure a security’s intrinsic value. Intrinsic value is the value of a company when considering all aspects of its business; both tangible and intangible factors. We use various financial databases to screen publicly traded companies to identify a smaller universe of candidates that meet our criteria for value and income (dividends). We rely on tools such as Bloomberg Professional, Value Line’s Investment Analyzer, Morningstar’s Principia software, Morningstar/Ibbotson Associates software and TheStreet.com ratings. We also use commercially available technology, financial periodicals and other publications, SEC filings, and

financial statements to assist with our analysis. In certain instances, we may use outside consultants to provide expertise in particular areas or for more in-depth analysis.

Our process includes analysis of balance sheets and income statements, business activities, news and industry developments, as well as a review of available research from various sources. Our investment selection process for fixed-income securities is based on the specific client's/strategy's goal for liquidity, our portfolio manager's outlook, and our view of the interest rate environment.

Banyan's investment selection process for exchange traded funds (ETFs) begins with our use of a proprietary quantitative methodology to choose funds that represent specific industry sectors, baskets of regional and international stocks, fixed-income instruments and commodities. By analyzing ETF data, our portfolio managers seek to identify ETFs that appear to be under accumulation by investors, particularly institutions, early in a trend, and those that appear to be out of favor.

Our investment selection process for mutual funds begins by screening potential funds using various industry sources. We use specific criteria to determine the overall investment merit of a particular fund. Our focus is on the fund's historical performance in both bull and bear markets, current performance, fund purpose and sector, price volatility, standard deviation, its returns over a specific period of time, and overall management stability and integrity.

We also may use technical analysis, chart analysis, and chart interpretation. These three approaches use statistics generated by market activity, such as past price and volume, as indicators of potential future activity. Finally, we consider psychological factors in making decisions to purchase or sell securities.

## Investment Solutions

Banyan maintains a spectrum of services ranging from specialized strategies to customized portfolios. We place an emphasis on building long term relationships. We accomplish this by providing personalized investment strategies at a competitive rate. Your financial goals, risk tolerance and your investment profile will drive the construction of your portfolio. We encourage you to contact us for additional detailed information so that we can provide you with individualized assistance in determining which of our services are best suited to meet your needs.

Before we provide details of our services, we believe it is important that you understand some of the basic concepts behind our investment solutions and the types of investment instruments that we may include in your account. As with any investment program, it is possible to lose money and there are no guarantees that any of our offerings will meet their stated objectives. As such, we ask that you take the opportunity to familiarize yourself with the information described in the following paragraphs.

There are several main types of investment instruments that we may include in your account. Each has its advantages as well as its risks. Below is a general overview of the instruments that we may use:

- **Equities:** This category represents ownership interest in a company. We use common stocks issued by U.S. and foreign companies as well as American Depositary Receipts (ADRs). In general, four major risks are recognized with equity investments:

- Economic/financial risk
- Interest rate/inflation risk
- Market value risk
- Government risk

ADRs are stocks that trade in the U.S. markets and represent a specified number of shares in a foreign corporation. These shares are issued or sponsored by a bank or brokerage. ADRs carry two main types of risk:

- **Political Risk:** The ADR is not insulated from political events that occur in the home country of the foreign company. Revolutions, nationalization, currency collapse or other types of events can have an impact on the security.
  - **Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.
- **Fixed income securities:** We may invest your money in bonds issued by the U.S. government, domestic corporations, and foreign entities. These bonds may have unique features that we believe make them attractive such as: 1) they may be converted into the stock of the issuing company; 2) high-yield (bonds that generally have a higher stated interest rate but are not rated); or 3) issued by a country/company in an emerging market (a market in a country that is in the process of rapid growth and industrialization). Risks of fixed income investing include:
    - Interest rate risk
    - Credit risk
    - Inflation risk
    - Call risk
    - Prepayment risk
    - Reinvestment risk
  - **Open-end mutual funds:** Are units that represent holdings of a portfolio of securities. These securities can be stocks, bonds, or a mix of investment types. Open-end mutual funds are priced at the end of the day and all investors who wish to buy or sell them will do so after pricing has occurred. Their price is determined by the value of each underlying security,

which will fluctuate and can lose value. The universe of open-end mutual funds is comprehensive and the types of funds that we may include in your account will be based on your investment objectives and risk tolerance. You should be aware that sudden inflows or redemptions into a fund can have a negative impact on its price.

- **Closed-end mutual funds:** Like open-end mutual funds, closed-end funds hold a portfolio of securities and issue units to investors that represent ownership in the portfolio. Closed-end mutual funds also are similar to stocks in that only a specified numbers of units are issued to investors (open-end funds can issue an unlimited number of units based on investor demand). These units can trade throughout the day, based on supply and demand so their values are not entirely dependent upon the value of the underlying holdings and will fluctuate.
- **Exchange traded funds (ETFs):** ETFs are structured like open-end mutual funds but with several important differences. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks ("Creation Units"). Typically institutions buy these Creation Units, split them up and sell them on a secondary market where they are purchased by individual investors. There are numerous types of ETFs but most seek to achieve a return similar to that of a particular index (ex: S&P 500 Index).

Equity-based ETFs are subject to risks similar to those of stocks whereas fixed income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility. ETFs investing in foreign securities have unique risk characteristics as previously noted.

- **Listed options:** Options, also known as exchange traded or standardized options, involve the right to purchase or sell an underlying stock at a specific price, within a specific period of time. There are two types of options, puts and calls and there are many strategies with which they can be employed in conjunction with stock positions or independently of portfolio holdings.
- **Real estate investment trusts (REITs):** These entities that invest in different kinds of real estate or real estate-related assets such as shopping centers, office buildings, hotels, and mortgages secured by real estate. Many REITs trade on national exchanges or in the over-the-counter market; we do not select non-traded REITs for clients.

The value of a REIT will fluctuate based on the quality and income-generating potential of the properties held by the trust. They also are affected by interest rates as real estate is sensitive to rate changes. Finally, whether or not the properties are managed efficiently and effectively will affect the REIT's value.

- **Master limited partnerships (MLPs):** MLPs are publicly traded partnerships that can be purchased or sold on an established securities market. MLPs typically provide an investor with a direct interest in a group of assets (ex: oil & gas properties). A limited

partnership consists of a general partner who manages the venture and limited partners, those who provide the capital.

MLPs that invest in commodity-type industries or assets can be subject to commodity-price risk. They also can carry interest rate risk and may underperform in a rising interest rate environment. Tax deferred accounts such as IRAs, may be subject to taxation due to the receipt of “*unrelated business taxable income*,” which could result in the need for a separate tax return for the account.

## Custom Portfolios

### Custom Equity Portfolios

Banyan takes a highly personalized approach to creating custom investment portfolios unique to each client. We will construct a portfolio for you based on your specific risk tolerance, tax situation and your need for liquidity. We also will discuss with you any limitations or restrictions that you wish to impose on your account(s) and make a mutual determination as to their application. We do not limit securities selections based on a company’s size and typically will include large, mid, and small-capitalized companies in your portfolio where we deem appropriate. We also may incorporate foreign ADRs (American Depositary Receipts) and stocks of multinational corporations to create exposure to foreign markets. Each portfolio is carefully constructed to help our clients realize their financial objectives and avoid obstacles to their success.

Our customized equity portfolios are created using one of the following two primary approaches:

**Core Equity:** The investment objective is to outperform the market over a full market cycle while maintaining value during prolonged market declines. This portfolio is constructed to achieve specific growth attributes, depending on market conditions, the economic environment and the particular needs of the client. Growth portfolios include securities that we believe are superior to their industry peers, sector and the overall market. They are actively managed with a well-defined sell discipline based on technical and fundamental criteria that signals when to reduce holdings and raise cash to lessen the impact of prolonged market declines.

**Equity Income:** The focus is on creating a target level of income while also taking into consideration long-term capital appreciation. These portfolios invest in dividend paying stocks, master limited partnerships, and select real estate investment trusts. Preference is for high quality companies with stable and consistent profitability, attractive valuations and dividend growth. The portfolio is broadly diversified across industry sectors according to Banyan’s investment guidelines on sector weightings and allocation and applies a defined sell-discipline to help mitigate risk during declining markets.



## Custom Option Strategies

At the client's discretion and where deemed suitable, the two equity approaches may be augmented with a custom "option overlay" strategy. The option overlay is designed to enhance either a Core Equity or Equity Income portfolio. The goal with an option overlay strategy is to help reduce risk, generate income, or to use options as an equity substitute, providing similar total return potential with less capital outlay. Banyan can implement option strategies that are:

**Defensive** – writing covered calls on select holdings to help mitigate risk in declining markets.

**Strategic** – write covered calls to bring in additional income to a portfolio and also mitigate overall risk. This is also ideal for clients who may own concentrated legacy positions and want to unlock additional value by generating premium income to their portfolio from writing call options but want to maintain the specific holding due to other considerations, tax consequences, legacy, etc.

**Tactical** – sell puts to bring additional income into the portfolio or establish an entry price we are willing to pay for a stock we wish to own in the portfolio while we limit the amount of capital outlay required to get exposure in the stock.

Any one or a combination of the above options strategies may be applied to equity accounts for clients where suitable.

## Custom Bond Portfolio

We offer customized individual bond portfolios if you are seeking to invest \$1,000,000 or more. Similar to our customized equity portfolios, we also offer customized fixed income portfolios tailored to each individual's risk tolerance. These accounts may include treasuries, agencies, municipals, corporate bonds, convertible bonds and preferred stocks. We construct these portfolios based on your income needs, tax situation and level of risk tolerance.

For fixed income investors seeking a mutual-fund based strategy, we offer a Global Fixed Income (see "Specialized Strategies" below).

## Specialized Strategies

Banyan also offers select specialty strategies that utilize no-load mutual funds and/or exchange traded funds. As with all of our portfolios, these solutions are designed to provide a foundation for your investment accounts through diversification and active management. We monitor these accounts and proactively buy and sell positions when we believe it is appropriate to help achieve your investment return objectives and/or to reduce risk.

Our specialized investment solutions have various objectives and degrees of risk and may be used exclusively or in combination with your aggregate portfolio. They are designed to complement the core strategies and may or may not be intended to be your primary investment. We will help you determine which one, or combination, is best suited to your investment objectives and risk tolerance. Some of these strategies provide for global diversification via worldwide currency diversification and hard asset exposure. They may employ proactive use of inverse securities and protective cash positions to help reduce the impact of severe market declines.

Access to Banyan's specialized strategies requires a relationship be established with a minimum of \$1,000,000. The following pages briefly describe our specialized strategies and include their respective objectives, risk tolerances, whether they are a core or specialty strategy, and the types of investments that we may include in the portfolios.

### **Global Fixed Income Strategy**

Type:	Core Strategy
Program Objective:	Current Income
Risk Tolerance:	Moderate

The primary goal of our Global Fixed Income Strategy is to produce ordinary income in excess of 1.5%-2% of the average yield for the 5-year U.S. Treasury note. We invest 100% in fixed income mutual funds in this strategy. We select both open- and closed-end mutual funds that hold domestic and international bonds, convertible bonds, and other income-producing securities. This strategy is for clients who seek both income and global diversification.

### **ETF Global Rotation Strategy**

Type:	Specialty Strategy
Program Objective:	Long-term Growth
Risk Tolerance:	Moderate

Our ETF Global Rotation Strategy invests in ETFs that track the performance of broad global asset classes including: equities, fixed income, alternative investments (diversified commodities, gold, global currencies) and real estate. Each month we rank asset classes based on historical returns over time periods ranging from one to twelve months. We then rank these ETFs based on historical price volatility over various periods. The portfolio is adjusted or rebalanced monthly as needed, selling ETFs that drop out of the top rankings and buying those that move up in the listing. This strategy is designed to shift to cash and short-term equivalents during prolonged market declines. The ETF Global Rotation Strategy is best suited for moderate risk investors seeking long-term capital growth.

**ETF Strategic Allocation Portfolio**

Type:	Core Strategy
Program Objective:	Long-term Growth of Principal
Risk Tolerance:	Moderate

The ETF Strategic Allocation Portfolio consists of an actively managed, diversified portfolio of exchange traded funds. We invest in ETFs that hold equities, fixed-income securities and commodity investments. Our construction of the portfolio is based on quantitative models that track long-term trends in asset prices to determine the percentage of allocations across these three groups. We also may use inverse ETFs to hedge/protect the portfolio in certain market conditions. We believe this strategy is best suited for investors seeking capital appreciation while accepting a moderate level of risk.

*For pre-existing clients, we continue to maintain the following primarily mutual fund based strategies that were in place prior to January 2011 but that are no longer offered given our customized approach.*

**Balanced Strategy (closed to new investors)**

Type:	Core Strategy
Program Objective:	Income & Growth
Risk Tolerance:	Moderate

The Balanced Strategy is designed to offer you capital appreciation and current income by investing in stocks and bonds. We select dividend-paying common stocks that have demonstrated earnings consistency and dividend growth. We also may include international mutual funds in order to obtain equity exposure outside of the U.S. Fixed income securities generally will be represented by mutual funds although we also may purchase individual bonds and preferred stocks.

We select mutual funds based on characteristics such as strong historical performance, price stability, and low expenses compared to similar funds. We may opportunistically use mutual funds that are inversely correlated to the U.S. equity markets to hedge the portfolio in various market conditions. We also may invest in mutual funds and/or exchange traded funds (ETFs) that invest in non-traditional investments for further diversification.

**Managed Treasury Strategy (closed to new investors)**

Type:	Core Strategy
Program Objective:	Preservation & Income
Risk Tolerance:	Conservative

The Managed Treasury Strategy is designed to preserve capital while potentially providing you with a higher level of current income and total return than a money market fund.

We primarily invest in U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government. These securities are purchased with short, intermediate, and long-term maturities and we make adjustments based on our interest rate outlook.

### **Global Income Plus Strategy (closed to new investors)**

Type:	Core Strategy
Program Objective:	Current Income & Growth
Risk Tolerance:	Moderate

The Global Income Plus Strategy is a mutual fund-based strategy, in a style that is similar to the Global Fixed Income Strategy; the difference is that we include a modest allocation to specialty stock mutual funds for capital appreciation potential. Generally, we look to allocate 80% of investments to income producing investments and 20% in equities. Our objective with this allocation is to generate a higher level of income for you than a portfolio of government and corporate bonds and also provide potential principal growth through the equity investments.

Your fixed income holdings may include mutual funds that invest in corporate, high-yield, U.S., global, emerging market and convertible bonds. Your equity mutual funds may include general U.S. and global stocks and the specialty segment of your account may include funds that contain commodities, real estate, currencies, natural resources, and precious metals. On occasion, we also may include inverse index funds in the strategy.

### **Global Growth & Income Strategy (closed to new investors)**

Type:	Core Strategy
Program Objective:	Current Income with Growth
Risk Tolerance:	Moderate

Our approach to managing the Global Growth and Income Strategy, a mutual fund based strategy, is to allocate approximately 60% of investments to income producing investments and 40% to equity funds. We believe this investment approach creates the opportunity for price appreciation of the funds while also creating cash flow. Our objective is to generate a higher level of current income than a portfolio of U.S. Treasury bills and bonds and also provide for potential growth of your principal by investing in equities.

Your fixed income holdings typically will include mutual funds that invest in corporate, high-yield, U.S., global, emerging market, and convertible bonds. Your equity mutual funds may include general U.S. and global stocks and the specialty segment of your account may include funds that contain commodities, real estate, currencies, natural resources and precious metals. We also may include inverse index funds to the account.

**Managed Annuity Strategy (closed to new investors)**

Type:	Specialty Strategy
Program Objective:	Total Return
Risk Tolerance:	Moderate

Under this strategy, we manage the investment options offered under a variable annuity issued by Fidelity Investments Life Insurance Company. This option will provide you with the potential for tax-deferred growth and generous contribution limits. Banyan selects from over 50 mutual fund type investments (sub-accounts) offered under the annuity based on your risk tolerance and investment time-frame, and actively manages these options. Our target allocation under this total return approach is 60% to fixed income, 20% to equity and 20% to alternative or specialty funds. We monitor these investments and make changes to them based on market cycles and trends.

It is important to note that Banyan associates are not appointed agents of Fidelity Investments Life Insurance Company or any of Fidelity's related insurance companies; our associates only manage the investment options offered under the contract and do not give specific tax advice. You will receive information directly from Fidelity if you invest in this strategy and it is important that you carefully review it.

**Risk of Loss:**

All investments involve the risk of loss of your principal (invested amount) and any profits that have not been realized (the securities have not been sold to "lock in" the profit). Markets can be volatile and prices of stocks, bonds, commodities and other investments can fluctuate substantially over time. Other factors such as economic and political events also can affect the performance of your investments. There is no guarantee that you will not lose money or that you will meet your investment objectives. We encourage you to discuss any questions with us that may arise regarding our investment philosophy and your portfolios throughout the course of our relationship.

In Item 4 we provided a general overview of the types of securities that we may include in our investment solutions. We would like for you to know that we also invest in certain instruments that are more complex and also can pose additional risk. In particular, we may use the following where appropriate:

**Inverse and Leveraged ETFs:** Inverse ETFs (also called "*short*" funds) seek to deliver the opposite of the performance of the index or benchmark that they track. Leveraged inverse ETFs (also known as "*ultra short*" funds) seek to achieve a return that is a multiple of the inverse performance of the underlying index. Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time – weeks, months, or years – can differ significantly from the performance

of their underlying index or benchmark during the same period. This effect can be magnified in volatile markets.

**Specialty mutual funds and ETFs:** Mutual funds and ETFs that invest in commodities and commodity-linked derivative instruments may experience greater volatility than those that hold traditional securities. Overall market movement, volatility in the commodities markets, changes in interest rates, and factors affecting a particular industry or commodity can have a material, adverse effect on value.

**Call Options:** Covered call writing involves selling the right to purchase a stock at a specified price for a defined period of time. The owner of the stock receives a premium for selling this right and is now obligated to deliver the stock to the call purchaser if the purchaser elects or “exercises” the right. Should this occur, the call purchaser will pay the stock owner the specified price and will take possession of the shares. Should the call purchaser elect not to exercise the option then it will expire worthless and the stock holder will retain the shares. The option contract must be purchased or “closed out” by the stock holder if he/she wishes to sell the stock prior to the expiration date of the option.

Some of our recommendations involve **international investing**, which may carry risks that are not associated with investing solely in the United States. Some of the more prevalent risks include fluctuations in the value of the U.S. dollar relative to values of other currencies, custody arrangements made for foreign securities, political risks, differences in accounting procedures and the potential for less public information to be available on foreign companies.

Certain of our strategies may generate **short-term capital gains or losses** and may not be suitable for you. It is important that you consult with your tax adviser before investing in a strategy that involves active trading. We rebalance portfolios as we deem necessary and this rebalancing may generate additional fees.

Additionally, some of our investment strategies require that you maintain a **margin** account. Clients who purchase securities may pay for them in full or may borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with you to determine if it is appropriate for your portfolio but, in general, would like for you to know about some of the major risks of trading on margin.

- You can lose more funds than you deposit in a margin account;
- The broker-dealer holding your account can force the sale of securities in your account;
- The broker-dealer can sell your securities without contacting you; and
- You are not entitled to an extension of time on a margin call.

Finally, when appropriate we may use option strategies for qualified clients. These strategies are actively managed and do not consider the tax consequences from trading. Tax accounting can be complex and may require the assistance of a qualified tax advisor. You also should know that our annual management fees are in addition to transaction costs and other expenses that may be charged by your broker-dealer or custodian. These brokerage charges can negatively impact performance.

Certain option transactions require you establish a margin account. Using margin may magnify any gains or losses sustained by you. The facts and risks of margin trading are discussed in the *Margin Disclosure Statement*, a document provided by your broker-dealer or custodian. You should read this information carefully before establishing a margin account.

The option strategies that we employ use standardized stock options. Option trading involves a number of inherent risks, including the potential for the loss of funds, and is not suitable for everyone. You should be aware of your risk tolerance level and financial situations at all times. Finally, you should read the Option Clearing Corporation's *Characteristics and Risks of Standardized Options* disclosure document provided by your brokerage firm or custodian prior to investing.

## Item 9 – Disciplinary Information

Under this section we provide any legal or disciplinary events that could be material to you when evaluating us. Our response to this item is specific to our management team and to the firm as an entity. Information relating to all of our employees who provide advisory services or manage assets is included in the supplement to this Brochure (a separate document). Please refer to this document for additional information.

Vaughn Weimer, CFP®, Managing Director, Principal is a portfolio manager in our New York office. Mr. Weimer also serves on our Investment Committee, a committee that oversees investment decisions that affect client portfolios. In 2002 Fiduciary Counsel, the firm that Mr. Weimer was affiliated with at that time, voluntarily reported an error that it had made, to the SEC. The SEC initiated an investigation of the error.

The error involved the purchase of bonds by Mr. Weimer for a money market fund. These bonds had a maturity date that exceeded the limit for the types of securities that could be held in a money market fund under Rule 2A-7 of the Investment Company Act. In 2006 Mr. Weimer was censured, fined \$15,000 and a cease and desist order was issued. The penalty was paid as required. In summary, this event involved a technical violation in the selection of an investment for a money market fund.

For purposes of full disclosure we share the above with you but we do not believe that it is material to your decision in considering Banyan as your adviser or maintaining a relationship with us. It is important to recognize that we manage individual portfolios and do not manage mutual funds.

## Item 10 – Other Financial Industry Activities and Affiliations

Banyan has teamed up with Fidelity Investments Life Insurance Company to offer an annuity issued by Fidelity that utilizes our professional investment management of the underlying sub-accounts (our Managed Annuity Strategy). Banyan does not receive any special compensation or financial incentive from Fidelity, any of its affiliates, or any sub account managers.

Our portfolio managers may invest in mutual funds from the Rydex family of funds in some of our investment solutions. In August 2009, Steven P. Chapman, our Director of Fixed Income and a portfolio manager, was named to the Guggenheim Dynamic Advisory Board. Mr. Chapman is not compensated for his role on the board but is reimbursed for travel and related expenses as they relate to his advisory functions. Banyan does not receive commissions or any other compensation for choosing Guggenheim and/or Rydex funds in its strategies.

David Bottoms, our Executive Managing Director and a principal of the firm, is a practicing attorney. He primarily performs trust work for individuals but does not extend this service to our clients. Additionally, Mr. Bottoms owns CFA Insurance Agency, Inc. Neither he nor any of our employees solicit or offer insurance related products to our advisory clients.

## Item 11 – Code of Ethics

Section 204A-1 of the Investment Advisers Act of 1940 requires all investment advisers to establish, maintain and enforce a Code of Ethics. Accordingly, the Act places a fiduciary standard on the adviser to act in the best interest of each client.

Banyan has adopted a Code of Ethics whereby all employees (officers, and other associated persons) are considered “*Access Persons*” of the Firm. Access Persons are individuals who may have access to non-public information, or regarding our investment strategies and advice. All of our employees are subject to this Code and are expected to comply with applicable laws, exhibit high ethical standards and to place clients' interests first. The fiduciary duty of an advisor and its representatives is a core principal underlying the advisor's Code of Ethics and sets out the responsibility of the advisor to place the interests of clients ahead of its own.

Our employees are required to report all personal securities transactions and holdings initially when we deem them to be an Access Person. They also must provide their holdings going forward on at least a quarterly basis. Our Chief Compliance Officer is responsible for reviewing these transactions.

Banyan employees are required to report all securities transactions except for:

- U.S. government obligations;



- Money market funds;
- Bankers acceptances;
- Bank CDs;
- Commercial paper;
- High quality short-term debt instruments;
- Commodities and commodity futures; and
- Open end investment companies.

Banyan has implemented procedures relating to personal securities transactions and insider trading. They are designed to identify and prevent or mitigate actual conflicts of interest and to resolve such conflicts appropriately, if they do occur. Any person who fails to observe our Code of Ethics and related firm policies risks serious sanctions, including dismissal.

You may request a complete copy of our Code by contacting us at the address, telephone or email address on the cover page of this Brochure.

## **Item 12 – Brokerage Practices**

Banyan generally recommends that clients utilize one of three custodians - Fidelity Investments, TD Ameritrade or Charles Schwab. As described below, we also may agree to implement our investment management services with any other brokerage firm or custodian of your choice. Regardless of custodian selection, we cannot implement our investment recommendations until after you have provided us with the necessary information and authorization regarding your account.

Banyan evaluates various factors when recommending one of the aforementioned custodians. In particular, we consider:

- Custodian's respective financial strength;
- Reputation;
- Execution abilities;
- Pricing;
- Research; and
- Service.

The aforementioned custodians have programs that allow us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by these custodians may be higher or lower than those charged by other custodians and/or broker-dealers.

If you request us to arrange for execution services for your trades then we will direct your transactions through custodians that we believe will provide best execution. These transactions

may be cleared through other custodians and/or broker-dealers with whom we and your custodian have entered into an agreement (this is known as “*prime brokerage clearing services*” and is done to facilitate trading). We will periodically review our policies and procedures regarding our custodian recommendations as part of our best execution duties.

The commissions that you pay will be in line with our duty to obtain “*best execution*.” You may, however, pay a commission that is higher than another qualified custodian or broker-dealer might charge to effect the same transaction. Banyan will make a good faith determination in these instances that the commission you pay is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. In making this assessment we consider the full range of a custodian’s services, including the value of research provided, execution capability, commission rates, and responsiveness. While we always will seek competitive rates, we may not necessarily obtain the lowest commission rates for our clients.

#### Research and Other Soft Dollar Benefits

While we always seek best execution, we may direct trades to certain custodians or broker dealers in return for investment research products and/or services that assist us with our investment decision-making process. Generally, the research that we receive is used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that particular client’s portfolio. The client commissions used to acquire these services are known as “soft dollars.” Banyan Partners seeks to comply with Section 28(e) of the 1934 Act, which provides a “safe harbor” allowing investment advisers to pay more than lowest available commission for brokerage and research services if it determines in good faith that: (1) the broker or research services all within the definitions set forth in Section 28(e); (2) the brokerage or research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. Our receipt of these services as well as our allocation of the benefit of these services pose conflicts of interests and are described below.

We may receive computer software and related systems support from Fidelity, TD Ameritrade and Charles Schwab because we provide investment services to the clients who have selected these custodians. These tools allow us to better monitor client accounts maintained with these custodians and may provide some benefits to us that do not have direct benefits for the clients. We always strive to put the interests of our clients first but you should be aware that our receipt of these economic benefits from a custodian creates a conflict of interest since these benefits may influence our choice of custodian over another custodian that does not furnish similar software, systems support, or services.

In addition to the above, Banyan may receive benefits from Fidelity, TD Ameritrade and Charles Schwab through these custodian’s respective institutional or advisory group divisions. These benefits include: 1) receipt of duplicate client confirmations and bundled duplicate

statements; 2) access to a trading desk that exclusively services Charles Schwab institutional participants; 3) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and 4) access to an electronic communication network for client order entry and account information.

Finally, we participate in TD Ameritrade's Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., an independent and unaffiliated FINRA registered broker-dealer. TD Ameritrade, Inc. offers services to independent investment advisors, such as Banyan, to include the custody of securities, trade execution, as well as trade clearance and settlement. We receive certain benefits as a participant in this program. Many of the benefits that we receive are the same as those extended to us by Fidelity and Charles Schwab and listed in the above paragraph. Additionally, we may receive discounts on compliance, marketing, research, technology and practice management products. We have attached as Exhibit 1 at the end of this Brochure, a disclosure that is required by TD Ameritrade and provides additional details of these ancillary services. We encourage you to read this information and to contact us with any questions.

#### Directed Brokerage

You may direct us to use a particular broker-dealer to execute some or all of your transactions. If you choose to do this then it will be your responsibility to negotiate the terms and arrangements with this firm. We will not seek better execution services or prices from other broker-dealers on your behalf. We also will not be able to "batch" your trades with other client transactions for execution through other broker dealers (as described below). As a result, you may pay higher commissions or other transaction costs or receive executions that are less favorable than otherwise would be the case.

It is important to understand that, as a registered investment adviser, we have a duty of best execution to our clients. Accordingly, we retain the right to decline your request for directed brokerage if, in our sole discretion, it would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

#### Trade Aggregation & Order Handling

As previously noted, we manage both customized portfolios and specialized strategies. Clients in our specialized strategies hold the same securities. Clients with customized portfolios may hold the same securities. We bunch or aggregate orders when buying and selling securities held in our specialized strategies. This results in one transaction where we distribute or allocate the shares to the respective clients' accounts. This practice may result in more favorable pricing than would occur with individual trades. When securities are distributed to more than one client, the execution price will be the average of the price of these securities. This will result in the same trade price for all clients but there can be differences between accounts due to commission charges, which often are related to the number of shares allocated.

Securities purchased or sold in a block transaction are allocated pro rata, when possible, to the participating client accounts in proportion to the size of the order for their respective accounts. In all cases, we distribute the securities equitably across the accounts. If circumstances are such that it is impractical for us to allocate a small number of securities across accounts then we may allocate in a manner that we believe is fair to all clients.

Generally we place trades on a client-by-client basis for our customized portfolios unless we decide to purchase or sell the same securities for several clients at approximately the same time. In these instances we may, but are not obligated to, combine or “batch” these orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably differences in prices and commission among our clients if the trades had been placed separately. Like our process with the specialized strategies, we average the price of the transaction and allocate the positions on a pro-rata basis across the participating clients’ accounts. Banyan does not receive any additional compensation as a result of aggregating or blocking trades.

Banyan does not have an affiliated broker-dealer. Accordingly we never purchase or sell securities for our clients on a “principal” basis. A principal trade, by definition, involves a broker-dealer buying or selling from its own inventory to clients. Additionally we do not engage in “agency cross” trades between clients, i.e., acting on behalf of our client as well as the party on the other side of the transaction.

## **Item 13 – Review of Accounts**

Banyan believes that ongoing client account reviews should be an integral part of our process and has implemented several controls by different groups within our firm. These groups bring varying expertise to the process and help us maintain our high service standard. Our Operations Team conducts a review of your new account paperwork at the beginning of our relationship. This pre-review ensures that we have obtained all the appropriate documents from you such as trust documents, corporate resolutions, etc.

Our Executive Vice President conducts a review of the services selected and their suitability based on the information provided in your new account documentation. At a minimum, accounts are reviewed by senior management on an annual basis to ensure that your current investments remain consistent with your stated objectives. Significant changes in the market, as well as any changes in your financial circumstances that you notify of us, can trigger a review of your investments. Furthermore, client accounts are reviewed when a major event or shift in market conditions are likely to impact holdings.

Our clients receive statements from their custodians detailing all transactions made on behalf of their accounts including: 1) contributions and withdrawals; 2) all fees and expenses charged to the accounts; and 3) the value of the accounts at both the beginning and the end of each reporting period. At a minimum, you will receive quarterly statements if there is

absolutely no activity in your account. You will receive a monthly statement if there has been activity (activity includes receipt of a dividend, a deposit, withdrawal, etc.). Additionally, the custodian will produce a year-end summary and related tax reporting documents, as applicable.

Our investment consultants conduct reviews on an “as needed” basis for our financial planning and consulting services clients. We may provide these clients with summaries of our analyses and related conclusions as well as special reports that we mutually agree to. We encourage our clients to discuss their needs, goals and objectives and keep us informed of any material changes.

Should you desire, you can have access to your account via your custodian's internet website. This on-line service is made available by the custodian, who controls access and maintains the necessary privacy protections.

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

Banyan Partners has relationships with three primary custodians, Fidelity Investments, TD Ameritrade, and Charles Schwab. We are part of the Fidelity Wealth Advisor Solutions network and TD Ameritrade's AdvisorDirect program. Our participation in these programs allows us to receive client referrals from these firms. We do not share commissions with either of these custodians but this arrangement can pose a conflict of interest as we likely will continue to custody these clients at the respective referring firms. Banyan pays TD Ameritrade 25% of the advisory fees that it receives from referred clients. Please also read Exhibit 1 to this Brochure for important information provided by TD Ameritrade.

We have a policy that allows us to accept clients referred by unaffiliated solicitors and to pay these solicitors a percentage of our fee without any additional charge to the client. This arrangement is not exclusive between Banyan and the solicitors and we may accept or reject any prospective client. We require each solicitor to disclose its relationship with us as well as our compensation arrangement to the client.

## **Item 15 – Custody**

Banyan Partners does not maintain direct custody or possession of your funds or securities; they are held at an unaffiliated qualified custodian. Although we do not hold your assets, we are deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisors Act due to (a) client authorization to debit our management fees directly from their accounts; and (b) limited circumstances where one of our associates has been named as a trustee and we have management of the trust account.

Clients contracting for discretionary investment services will receive trade confirmations and statements directly from the custodian. It is important that you carefully review your account statements as they will summarize your trading activity, withdrawals and deposits, dividend and interest payments and our withdrawal of fees (for accounts set up with automatic billing). Our automatic billing process is described in greater detail in Item 5 of this Brochure.

## Item 16 – Investment Discretion

Banyan supervises and directs investments primarily on a discretionary basis for our clients. These activities include overseeing the appropriate mix of investments in various strategies based on the client's investment objectives, policies, restrictions and other instructions. Clients can impose restrictions that are reasonable and limited on their accounts. As described in our discretionary investment management agreement, we have the authority to determine the following on your behalf after you have contracted for our services:

- Determine specific securities to be bought or sold
- Determine amount of these securities to be bought or sold
- Select the custodian broker or dealer to be used
- Determine commission rates paid
- Have your account debited for our fees (with your written authorization)

As a result of these responsibilities, we endeavor to:

- Make reasonable investment recommendations that are independent of outside influences;
- Select broker-dealers/custodians based on their ability to provide best execution;
- Make recommendations based on a reasonable inquiry into our clients' respective investment objectives, financial situation and other relevant factors; and
- Always place client interests ahead of our own.

## Privacy Policy

Banyan has adopted a policy to protect the privacy and security of the personal information that we obtain about our clients. We also know that you expect us to service your account in an accurate and efficient manner. To do so, we must collect and maintain certain personal information. We believe that it is important that you know our policy.

What we collect: We collect certain nonpublic personal identifying information about you (such as your name, address, social security number, etc.) from the information that you provide on applications and other forms as well as communications (electronic, telephone,

written or in person) with you or your authorized representatives (such as your attorney, accountant, etc.). We also collect information about your brokerage accounts and transactions (purchases, sales, account balances, inquiries, etc.).

**What information we disclose:** We do not disclose the nonpublic personal information we collect about you to anyone except: (i) in the furtherance of our business relationship with you and then only to those persons necessary to effect the transactions and provide the services that you authorize (such as broker-dealers, custodians, independent managers, etc.); (ii) to persons accessing our compliance with industry standards (e.g., professional licensing authorities, etc.); (iii) our attorneys, accountants, and auditors; and (iv) as otherwise provided by law.

We are permitted by law to disclose the nonpublic personal information about you to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share this information for any other purpose. If you decide at some point to either terminate our services or become an inactive client, we will continue to adhere to our privacy policy, as may be amended from time to time.

**Security of your information:** We restrict access to your nonpublic personal information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards that comply with applicable federal and state standards to protect your nonpublic personal information.

**Changes to our privacy policy or relationship with you:** Our policy about obtaining and disclosing information may change from time to time. We will provide you notice of any material change before it is implemented.

We will mail you an updated copy of our policy on an annual basis. You may, however, request a copy at any time via the contact information provided on the cover of this Brochure.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

Banyan Partners does not accept authority for voting client securities (proxy voting).

We maintain records relating to proxy voting for clients of former acquisitions including: (1) a copy of the related policies and procedures; (2) proxy statements received regarding client securities, which were satisfied by relying on the third party vendor contracted to provide voting services, (3) a record of each vote cast, which the third party vendor maintains on our behalf; and (4) each written client request for proxy voting records and our written response.

## **Item 18 – Financial Information**

In certain instances SEC registered advisors are required to provide financial information. These situations involve arrangements where clients are required to pre-pay fees of \$1,200 or more, six (6) months in advance. As described in Item 5 of this Brochure, we bill for each quarter in advance and will rebate fees for the remainder of the subject period in the event our advisory agreement is cancelled. Accordingly, we are not required to provide financial data. Banyan Partners is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients.



## **Exhibit 1 – TD Ameritrade Disclosure Statement**

*Banyan Partners participates in TD Ameritrade's AdvisorDirect program. A requirement to participate is providing you with the below disclosure. Please read this information carefully and also refer to Items 12 and 14 of this Brochure for additional information.*

### **Part 2A Brochure, Item 12, Brokerage Practices**

Banyan participates in the institutional adviser program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional<sup>1</sup> is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Banyan receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

### **Part 2A Brochure, Item 14, Client Referrals and Other Compensation**

As disclosed under Item 12, Banyan participates in TD Ameritrade's institutional customer program and Banyan may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Banyan's participation in the program and the investment advice it gives to its Clients, although Banyan receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Banyan participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Banyan by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Banyan's related persons. Some of the products and services made available by TD Ameritrade through the

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program may benefit Banyan but may not benefit its Client accounts. These products or services may assist Banyan in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Banyan manage and further develop its business enterprise. The benefits received by Banyan or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Banyan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Banyan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Banyan's choice of TD Ameritrade for custody and brokerage services.

## **Part 2A Brochure, Item 14, Client Referrals and Other Compensation**

Banyan may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Banyan may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Banyan and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Banyan and has no responsibility for Banyan's management of client portfolios or Banyan's other advice or services. Banyan pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Banyan ("Solicitation Fee"). Banyan will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Banyan from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Banyan on the recommendation of such referred client. Banyan will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Banyan's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client

accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Banyan may have an incentive to recommend to clients that the assets under management by Banyan be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Banyan has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Banyan's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.