

Baystate Wealth Management, LLC.

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## Wrap Fee Program Brochure

This wrap fee program brochure provides information about the qualifications and business practices of Baystate Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 617-585-4500. 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 Baystate Wealth Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to our Clients, as required by SEC Rules.

In the past, Baystate Wealth has offered or delivered information about its qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year (December 31<sup>st</sup>). We may provide other, ongoing disclosure information about material changes as necessary.

We will further provide you with, or make available to you, a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Susana Ngan at: 617-585-4545; or by email at: [sngan@baystatefinancial.com](mailto:sngan@baystatefinancial.com). Our Brochure is also available on our web site: [www.baystatewealth.com](http://www.baystatewealth.com), free of charge.

Additional information about Baystate Wealth Management, LLC is available via the SEC’s web site: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about the people affiliated with Baystate Wealth Management, LLC who are registered, or who are required to be registered, as investment adviser representatives of Baystate Wealth Management, LLC.

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## **Item 4 – Services, Fees and Compensation**

### Description of the Baystate Wealth Program

Baystate Wealth Management, LLC (“Baystate Wealth” or “the Company”) provides fee-based discretionary and non-discretionary investment supervisory services and portfolio management primarily for high net worth individuals, closely-held and family businesses, corporations, trusts and foundations (“the Program”).

The company’s typical client is a high net worth individual, an owner of a family or closely-held business, a company executive, a professional athlete or an entrepreneur or business person who has had or will have a liquidity event.

The Baystate Wealth Program offers flexibility in choosing the kinds of securities to be held in the client’s account(s). Eligible securities include, without limitation:

- Exchange Listed Stocks (NYSE, AMEX);
- NASDAQ Listed Securities;
- Exchange Traded Funds (ETFs);
- Exchange Traded Notes (ETNs);
- No-load Mutual Funds;
- Load-Waived Mutual Funds;
- American Depositary Receipts (ADRs);
- U.S. Government Bonds;
- Mortgage-backed Bonds;
- Municipal Bonds;
- Unit Investment Trusts;
- Exchanged Traded REITs/Limited Partnerships; and
- Brokerage Certificates of Deposit.

There are certain securities that are “ineligible” for the Program. Those securities will not be purchased for Client’s accounts. To the extent a client transfers an account or portfolio in kind, and the incoming portfolio or account contains ineligible securities, the ineligible securities will either be refused for transfer or sold once the portfolio or account is in the Program. A list of ineligible securities is available upon request.

Clients may establish an account at Baystate Wealth by transferring cash or by transferring accounts in kind or after the sale of all or some of the securities in the transferred account. To the extent the client seeks to transfer an account in kind, and the account contains securities that are ineligible securities under the Baystate Wealth Program, those securities must be sold prior to, concurrent with, or shortly after the transfer.

The client relationship is managed by Investment Adviser Representatives (“IARs”) of Baystate Wealth. IARs generally meet with clients, discuss the clients’ goals and objectives and assist the clients in the development, management and implementation of the clients’ wealth management program. IARs do not, however, manage portfolios for clients. Rather, portfolios are managed by Approved Portfolio Managers (“APMs”). All APMs of Baystate Wealth are pre-approved by the Company to manage assets. The investment process is governed by the Investment Committee of the Company, which meets periodically or as dictated by market conditions to discuss investment options for the APMs. With permission of Baystate Wealth, an IAR may also serve as an APM.

Baystate Wealth’s investment advisory services are based primarily on asset allocation and diversification strategies developed by the Company and agreed to in writing with the client. The Company builds portfolios using a combination of individual stocks and bonds, exchange traded funds (“ETFs”), exchange traded notes (“ETNs”), index funds, fixed income alternatives, mutual funds and alternative managers when appropriate. Portfolios are reviewed at least annually.

The investment advice provided by Baystate Wealth is customized to fit the risk profile, goals, objectives, and other preferences of each individual client, pursuant to a written Investment Policy Statement (“IPS”) developed with and signed off on by the client. Such advice may include recommended strategic and tactical asset allocation, recommended diversification, investment buy/sell recommendations, selection of and recommendations of outside managers, and portfolio management, including the potential selection of securities for the account of the client on the basis of the client’s risk profile and goals and objectives. The Company currently does not maintain or promote pooled accounts (although it may do so in the future). By agreement, the Company may treat members of a family as a single client for billing, allocation and other purposes. As discussed in more detail below, Baystate Wealth on occasion may purchase or sell securities on an aggregated or block basis. The Company has specific practices and policies it follows to ensure that all clients are treated fairly in such circumstances.

#### Individually Managed Accounts

While each portfolio is managed separately, and ultimately the IPS controls, with the client’s consent the Company may manage Accounts targeted to one of several investment strategies, referred to as “Model Portfolios” by the Company. These Model Portfolios range from conservative to very aggressive. The client’s portfolio may or may not be identical to a Model Portfolio, but the Model Portfolio is a target allocation tied to a specific risk tolerance. The selection of one or more of these Model Portfolios as an investment target depends on the client’s risk tolerance.

Information on the Model Portfolios, their composition, strategic and tactical allocations, and their benchmarks are provided by Baystate Wealth to clients. The specific securities in each Model Portfolio, and the specific strategic and tactical allocations for each Model, may change over time and may be different at different points in time. Strategic and tactical allocation decisions for each Model Portfolio are made by the Investment Committee. The Company may employ a strategy of writing options to hedge portfolios or dampen volatility.

There is no guaranty that any investment strategy, Model Portfolio or Account will achieve a particular result or that any Account will result in a profit. Past performance is no guaranty of future results.

The client's risk tolerance, and financial goals and objectives, as well as other pertinent facts and data, are reflected in the IPS. As the client's goals, objectives and risk tolerance change, the IPS is updated accordingly, and certain agreed-upon actions are taken to ensure that the portfolios are being managed in accordance in the IPS.

Portfolios are adjusted in response to and in anticipation of market conditions, and strategic and tactical allocations are made taking into account market conditions, movements in the market and geo-political events affecting the markets.

Client assets are held in a brokerage account at Pershing, LLC ("Pershing"), with New England Securities Corp. ("NES") acting as the introducing broker-dealer. These accounts shall be referred to as "the Program Accounts". Clients are required to sign the Investment Account Application & Agreement ("IAAA") to open a brokerage account with NES. This is in addition to the Engagement Letter clients sign to open an investment advisory account with Baystate Wealth. Further information concerning the relationships between the Company, its associated persons and NES is set forth below in the section discussing the information required by Form ADV, Part II.

#### Program Fees and Billing

Subject to exceptions made at the discretion of the Company, the minimum account size for Baystate Wealth is \$250,000.00. Fees are negotiable with the client and generally are charged as a percentage of assets under management or stated in basis points. Fees may not exceed 2.5% or 250 basis points. The agreed upon fee is set forth in the Engagement Letter.

The first payment for the Program Fee is prorated to cover the period from the date that the Account balance has reached \$5,000 through the end of the current calendar quarter. Fees are debited directly from the client's Program Account, based on the fee schedule, and begin once the account balance has reached \$5,000. Thereafter, the quarterly Program Fee

will be paid at the beginning of each calendar quarter and the fee will be based on the fair market value of the assets in the Account on the last business day of the preceding calendar quarter as calculated by Pershing. The Client will also be subject to a Program Fee for any additional lump sum contribution(s) in a calendar quarter equal to or greater than \$5,000. The Client will pay for that portion of the ongoing quarterly Program Fee that relates to the number of days remaining in the calendar quarter on the date of any additional contribution equal to or greater than \$5,000. Payment of the Program Fee will be made in the quarter following any such contribution and will be based on the amount of the contribution.

Through Baystate Wealth, the Client authorizes the deduction of the Program Fee and other charges by Pershing from cash assets held in the account. Therefore, the Client should maintain at least 1% of the portfolio in cash to pay for fees under the Program. If the Account does not have enough cash to pay for the advisory and/or brokerage fees and charges, the Company instructs NES and/or Pershing to sell any Account assets NES and/or Pershing deems appropriate to make such cash available. In such cases, the Client may face a taxable event, to which capital gains (or other) taxes apply. For certain accounts, specific security exclusions from billing may be negotiated with the Client.

The Client authorizes Pershing to deduct all applicable fees from the Client's Program Account and all such fees will be clearly noted on the statements provided to the Client no less than quarterly by Pershing. Baystate Wealth compensates NES for providing certain administrative services and oversight functions and reimburses NES for expenses that it incurs on behalf of the Company for certain services provided by Pershing for Baystate Wealth.

#### Investment Advisory Fees – Fee Schedule – Wrap Fee Program

##### RMSPlus Fee Arrangement compared to RMSOne Fee Arrangement

Baystate Wealth clients can choose one of two billing arrangements; called "RMSPlus" and "RMSOne". The difference is whether the transaction and other costs are paid for directly by the client or included in the overall fee charged by the Company (which may be construed as a "wrap" fee program).

##### RMSPlus

Under RMSPlus, in addition to the management fee charged by Baystate Wealth, the client will be charged separately for transactional and other brokerage fees and costs pursuant to the then current fee schedule provided by New England Securities Corporation ("NES") as the introducing broker for the client's brokerage account(s) under the Program. The transactional and other costs are deducted directly from the Account. Baystate Wealth, the IARs and the APMs are not paid and they do not receive any portion of the transactional fees and costs paid to NES or to Pershing.

### RMSOne

The Client may select a fee arrangement where the transactional fees are paid for out of the total fee charged the client. This fee arrangement is referred to as “RMSOne”. RMSOne may meet the definition of a “wrap fee program” as defined under the Investment Advisers Act of 1940 (“the Act”) and other applicable rules and regulations.

The fees charged to the client for portfolio management are negotiable and subject to the written agreement of the client in the Engagement Letter, but may not exceed 2.5% or 250 basis points of the assets under management. Under an RMSOne fee, the IAR and/or Baystate Wealth will pay the transactional fees from the RMSOne fee paid by the client. In the event the client elects RMSOne, the client will only pay one fee to Baystate Wealth and the client will not have to pay the transactional fees charged by NES as introducing broker under the Program. Under an RMSPlus fee, the Client pays the transactional and fees directly. Neither the IAR nor Baystate Wealth is paid and do not receive any compensation or payment from such transactional and other brokerage costs and fees.

### RMSOne Fee May Cost More/Factors Bearing on Costs

The RMSOne fee likely will be higher than if the client did not select this option and instead opted for the RMSPlus fee, because the transactional costs are paid for from the advisory fee charged to the client. This does not necessarily mean that the RMSOne fee will be higher than the total fees and costs the client would pay if the client opted for the RMSPlus fee, since this will depend on the number of trades and the other factors discussed below.

A number of factors will have a bearing on the issue of whether the RMSOne or “wrap fee” would be higher or lower than the total fees and costs the client would pay if the client opted for RMSOne and thus paid to pay for the transactional fees from the assets under management in the portfolio. The number, amount and types of trades undertaken in the portfolio on a quarterly and yearly basis will have a direct impact on the issue. Under RMSOne, the transactional fees are paid for from the overall fee charged, whereas under RMSPlus, the client pays for the transactional costs. If the number, amount and types of trades are increased, the transactional costs will increase. Depending on the amount of wrap fee charged on the account, these transactional costs could be a significant portion of the fee charged and thus reduce the overall compensation received by the APMs, the IARs and Baystate Wealth. By contrast, if the number, amount and types of trades are kept to a relatively low number, then it is likely that the wrap fee charged would exceed the total of the investment advisory fee plus the transactional and brokerage costs paid directly by the client.

In addition to the number, amount and types of trades, the sizes of the trades and the number of shares traded will have an impact on the fee comparisons. NES imposes certain minimum ticket charges for trades. Thus, a significant number of smaller trades will have a



disproportionately large impact on the costs of managing the portfolio. In such circumstances, a wrap fee program likely would cost less than the other type of program, depending on the fees agreed to by the client.

Other factors that may bear upon the cost of RMSOne in relation to the cost of RMSPlus may include, among other things, the number of trades executed for the account, the size and type of account, the types of securities executed, the broker-dealer executing the trade, the historical and expected size of the account and the number and range of supplemental services provided to the account.

Baystate Wealth makes no representation that the RMSOne or the RMSPlus fee paid by the client is the same as or lower than that charged to another clients who invest in the Program, or that the RMSOne or the RMSPlus fee is the same as or lower than the fees charged by other sponsors or advisers of comparable programs for accounts of comparable size or comparable investment objectives.

The nature and extent of services provided by the IARs and the APMs should not vary based upon the type of fee arrangement selected by the client. However, since transactional fees are paid for out of the total fee under RMSOne, and the APMs as well as the IARs are compensated from the fees paid by the client, there may be an incentive (and thus a conflict of interest) to reduce the number of trades in an account for a client who has selected RMSOne (see further discussion in the Conflicts of Interest section below).

#### Additional Client Fees

Other than the transaction charges noted above, all normal NES brokerage account charges and fees (i.e., returned check fee, overnight charges, ACH return check fee, etc.) apply to Program Accounts. The fees charged by Baystate Wealth do not include certain other fees and charges such as any fees imposed by the SEC, wire transfer fees, fees resulting from any special requests that clients may have, fees or commissions for securities transactions (including without limitation dealer markups and mark-downs) effected through any broker-dealer other than NES' clearing firm, Pershing, LLC (the "Custodian"), or costs associated with temporary investment of client funds in a money market account. In addition to the fees charged by Baystate Wealth, the Custodian may charge the client additional miscellaneous fees (e.g. ACAT fees, IRA maintenance fees, etc.). Such fees are disclosed in the NES fee schedule that Baystate Wealth provides to the Client. In addition, there may be fees charged for performance reporting programs and other enhanced reporting programs that may be applicable to the Accounts. The fees charged by Baystate Wealth do not include the internal management, operating or distribution fees or expenses imposed or incurred by any mutual fund, exchange traded fund or exchange traded note that the client's account may hold, which may include 12b-1 fees, early termination fees (which include fees on whole or partial liquidations of fund assets in the account) and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder

service provider or other service providers. These expenses may include administration, distribution, transfer agent, custodial, legal, audit and other fees and expenses. Further information regarding charges and fees assessed by a fund company may be found in the appropriate prospectus, and/or annual report of the fund. NES will mail a new schedule prior to any charges becoming effective. Any increase in those charges and fees will be borne by the Client regardless of the type of fee arrangement selected by the client.

The fees charged by Baystate Wealth do not include special requests by clients or the internal management, operating, distribution fees or expenses imposed or incurred by mutual funds, ETFs or ETNs. Clients should read each of the prospectuses for a more complete explanation of these fees and expenses which may include fees for management, administration, servicing, custodial, legal, audit, etc.

Clients may invest directly in mutual funds, ETFs or ETNs (i.e. outside the Program) without paying an advisory fee. Thus, it may be less expensive for Clients to invest in mutual funds, ETFs and ETNs outside the Program. However, Clients will not receive the services provided under the Program if they choose to buy these securities outside the Program. Baystate Wealth does not represent that the Fee a Client pays is the same as or lower than that charged by other sponsors of comparable programs for accounts of comparable size or investment objectives.

#### Termination:

The Client or Baystate Wealth may terminate the Engagement Letter at any time, effective on thirty (30) days' written notice. If the Client did not receive a copy of the Company's Brochure within forty-eight (48) hours prior to the time of executing the Engagement Letter, the client may terminate within five (5) days of establishing an account with a full rebate of fees. Termination will not affect the validity of any action previously taken by the Company under the Engagement Letter, liabilities or obligations of the parties from transactions initiated before termination, or the obligation of the Client to pay fees and expenses incurred through the date of termination.

Termination will not automatically result in the redemption or sale of any positions held in the Account, and the Client may choose to continue holding the securities in a standard brokerage account.

On the effective date of termination, Baystate Wealth shall no longer have an investment advisory relationship with the Client and will have no further obligation towards the Client for investment advisory services. The Client will receive a refund of a pro-rata portion of any pre-paid, but unearned, Program Fee paid for in the current quarter. The amount refunded to the Client will be based on the number of days remaining in the quarter on the first business day after the effective date of termination. However, a portion of the fee may be retained in the Client's account sufficient to cover any open or unsettled transactions

and to pay for any unpaid Program Fees, account debit balances, and other charges owed by the Client. The Client is responsible to pay for all services rendered, and all transactions effected, up through the date of termination.

Unless the Client has provided other written instructions, and in the event of no instructions from the Client, account assets will be moved to a standard brokerage account, and the Engagement Letter will provide such consent in advance to move the assets in such event. The assets therein will be subject to the fees and charges normally assessed by NES on its brokerage accounts. The standard brokerage account is subject to the terms and conditions of the IAAA.

#### Conflicts of Interest

Baystate Wealth and its IARs may perform advisory services for various clients, and the IAR may give advice for other clients that differs from the advice given or timing of any action taken for the Account. In addition, the IARs may, but are not obligated to, purchase or sell or recommend for purchase or sale any security which the IARs may purchase or sell for their own accounts or for the accounts of any other client.

A client's IAR receives compensation as a result of the client's participation in the Program. This compensation may be more than what the IAR would receive if the client participated in other programs made available by NES or paid separately for investment advice, brokerage and other services. Therefore, the IAR may have a financial incentive to recommend the Baystate Wealth Program over other programs or services offered to clients.

NES is registered as both an investment adviser and a broker dealer. In its role as a broker-dealer, NES focuses on a select group of mutual funds. NES may receive certain compensation from these mutual fund families. More information is provided in the Investment Account Application and Agreement that Clients receive and sign to open brokerage account with NES.

The Client understands that a portion of the wrap fee that the Client pays compensates NES for providing certain administrative services and oversight functions and expenses that NES incurs for certain services provided by Pershing.

### **Item 5 – Account Requirements and Types of Clients**

Baystate Wealth Management, LLC provides fee-based discretionary and non-discretionary investment supervisory services and portfolio management primarily for high net worth individuals, ultra high net worth individuals, corporate pension and profit sharing plans, closely-held and family businesses, corporations, trusts and foundations.

Subject to exceptions made at the discretion of the Company, the minimum account size for Baystate Wealth is \$250,000.00.

#### **Item 6 – Portfolio Manager Selection and Evaluation**

It is the policy of the Company to permit only APMs to manage portfolios on behalf of client. APMs must have sufficient education, background and experience to manage assets for others, which includes an MBA education, a CFA or CIMA designation, at least 2 years of asset management experience, or some combination of the above, as well as participation in continuing education.

The Company's Management Committee provides its approval of an APM only if he or she is qualified to manage assets of clients.

The client may agree to have a particular APM manage the client's assets. Alternatively, the IAR may recommend a particular APM to the client. In the event the client does not choose an APM, the President of Baystate Wealth will appoint an APM for the client's accounts. The factors that are considered by the President for such an appointment include: the experience and educational background of the APM, the likelihood that the personality of the APM will fit well with the client, the investment profile and risk profile of the client, and any other factor deemed by the President to be appropriate to consider in attempting to match an APM with the client. The client must agree to the APM and the client has the right to request the removal of one APM and the appointment of another APM. APMs are reviewed continuously and are formally reviewed on an annual basis. APMs are members of, and report to, the Investment Committee. APMs are subject to disciplinary actions by the Investment Committee and by the Compliance Committee. APMs are permitted to manage client assets at the discretion of the Investment Committee. If, in the opinion of the Investment Committee, an APM is no longer qualified to manage client assets, that APM's designation as an APM and his or her privilege to manage client assets will be revoked or suspended by the Investment Committee. Circumstances warranting consideration of suspension or termination include, without limitation, the health of the APM, adherence to the policies and procedures of Baystate Wealth and the Investment Committee, performance of the portfolios under the management of the APM, and compliance with the clients' IPS. The portfolios managed by a terminated or suspended APM will be reassigned to another APM until a suitable replacement is found.

Portfolio Manager performance is judged by the return of Model Portfolios adjusted by risks taken. Since each client portfolio is individually managed according to the IPS and client-imposed restrictions (if any), and may differ from the Model Portfolios, performance information may not be calculated on a uniform and consistent basis.

Black Diamond Performance Reporting, a third-party vendor, is used to produce performance reports for individual client portfolios as well as Model Portfolios to ensure accuracy and compliance with presentation standards.

Currently, there are no related persons of Baystate Wealth who act as an APM.

#### **Item 7 – Client Information Provided to Portfolio Managers**

As discussed previously, all information disclosed through the IPS is shared with and communicated to the APM. This includes the name, address, telephone number and other personal information; all financial information pertaining to the client as disclosed in the IPS; tax information such as tax brackets and past and futures taxes to be paid; employment history; financial goals and objectives; experience with investments; and risk profile. To the extent a client wants to change or update any information on the IPS, Baystate Wealth has a policy that such amendments, changes or updates must be in writing and signed by the client. Accordingly, the APM should be updated on all pertinent client information at all times.

#### **Item 8 – Client Contact with Portfolio Managers**

There are no restrictions on contacting APMs. Clients are provided the name, address, telephone number and email address of the APM.

#### **Item 9 – Additional Information**

##### ADV Part 2A, Item 9 and Item 10

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Baystate Wealth Management, LLC or the integrity of Baystate Wealth's management. Baystate Wealth is not aware of any disciplinary action taken against any the Company or its management. Thus, Baystate Wealth Management, LLC has no information applicable to this Item.

Baystate Wealth participates in "the Platform," which is a brokerage platform offered by NES that provides brokerage services to support the trade execution needs of certain investment management programs offered by Independent Registered Investment Advisors owned or operated by representatives that may be dually registered with the Investment Advisor and NES. Those registered representatives who offer the Baystate Wealth Management program to Clients do so independent of NES, even though they are also registered with NES.

NES is a registered broker-dealer and member firm of FINRA, SIPC, and an SEC registered investment advisor. NES acts as the introducing broker-dealer for brokerage accounts held by Clients of Baystate Wealth. Through NES and its custodian and clearing firm, Pershing, clients of Baystate Wealth are provided broker-dealer, custodial, clearing and administrative services including but not limited to, account set-up, automatic invoicing, trading services and preparation of periodic reports associated with the advisory services. Baystate Wealth compensates NES and Pershing for these services. NES, Baystate Wealth and Pershing are not affiliated with one another. However, Investment Advisor Representatives of Baystate Wealth may also be Investment Advisor Representatives of NES.

Baystate Wealth is affiliated with Baystate Financial Services, LLC, through which financial, insurance and employee benefits products and services may be offered to clients. David C. Porter is a principal of Baystate Financial Services, LLC. While Baystate Financial Services has no ownership interest in Baystate Wealth Management, Merris. Mr. Porter is a principal of both companies. Baystate Financial Services provides Baystate Wealth Management with cost-sharing and cost-saving opportunities, such as shared space, shared resources, shared personnel and shared systems.

Baystate Financial Services, LLC bills separately and is paid separately for the products and services it provides to clients of Baystate Wealth. However, because some of the products and services offered to clients of the Company may be part of an overall wealth management program developed by the Company, there is a potential conflict of interest in the recommendation of products and services offered by or through Baystate Financial Services, LLC.

Baystate Financial Services offers securities and investment advisory products through NES. Baystate Financial Services is a general agency of New England Life Insurance Co.

New England Securities and New England Life Insurance Co. are affiliates of MetLife, Inc.

Mr. O'Connor is a founding partner of the law firm, O'Connor, Carnathan and Mack, LLC ("OCM"). Other than Mr. O'Connor, there is no cross ownership or affiliation by and between OCM, on the one hand, and Baystate Wealth or Baystate Financial Services, on the other hand.

ADV Part 2A, Item 11, 13, 14 and 18

Baystate Wealth Management has adopted a Code of Ethics which sets forth guidelines for professional standards, under which all associated persons of the Company are to conduct themselves. The full text of the Code of Ethics is available to any client by contacting Susana Ngan at 617-585-4545. The Company has set high standards, the intention

of which is to protect client interests and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients. The Code of Ethics includes provisions relating to the duties to the clients, confidentiality of client information, prohibited acts, conflicts of interest, personal securities transactions, among other things. All associated persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics. They must acknowledge the terms of the Code of Ethics annually, or as amended.

Baystate Wealth has instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any associated person who violates the Code of Ethics. The Company has a privacy policy ensuring that personal information of clients is not disclosed to third parties. However, certain personal information will be disclosed the New England Securities Corp. as part of the Platform and to Pershing as the custodian, but only as needed to conduct investment advisory services related to the services provided by Baystate Wealth to the client. A copy of the Privacy Policy is available on request and will be sent to the client on a yearly basis.

#### Potential Conflicts of Interest

Because representatives of Baystate Financial Services, LLC likely will also be Investment Advisory Representatives (IARs) of Baystate Wealth, it is likely that representatives of Baystate Financial Services, LLC will provide brokerage and/or investment advisory services to clients of both firms, and thus may act as a broker or agent of clients of Baystate Wealth.

It is likely that IARs of Baystate Wealth will buy or sell securities for their own accounts that are being bought or sold for the accounts of clients. This is particularly true if the IAR or a family member has accounts with Baystate Wealth. Unless it is part of a block trade or a model buy or sale, Baystate Wealth has a policy or procedure that prohibits any IAR from buying or selling any security within 3 days of a purchase or sale of that security on behalf of a client. Baystate Wealth also has a policy and procedure that at all times when IARs are buying and selling a security at or around the same time as the same security is being bought or sold by a client of the Company, the client must receive best execution.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Baystate Wealth's obligation of best execution. Sometimes, securities may be bought or sold in a series of block trades involving Client accounts and affiliated accounts. In such circumstances, the affiliated and client accounts will share commission costs and receive securities at a total average price per block trade. Baystate Wealth will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled



orders will be allocated on a pro rata basis when it is operationally practicable. Any exceptions will be explained on the Order.

Generally, accounts are reviewed and monitored on a continuous basis by the APMs. In addition, during some Investment Committee meetings, some accounts are reviewed to ensure that the portfolios are being managed to the guidelines set forth in the IPS. Specific account holdings are reviewed when changing market conditions warrant.

The Compliance Committee also reviews accounts periodically, when circumstances warrant review, often times in conjunction with an APM or as an adjunct to the Investment Committee.

Pershing provides clients with monthly statements of their accounts/ portfolios. Quarterly performance reports are made available to clients by Baystate Wealth. In addition, the IAR and/or officers of the Company typically meet with the client at least annually to review the accounts. At these meetings, additional reports may be presented to the client.

From time to time, certain non-IARs of the Company may refer clients to Baystate Wealth in exchange for which such persons or entities may request to be paid a portion of the fees charged by Baystate Wealth to the client. This type of “solicitation” arrangement is permitted by the Investment Advisors Act of 1940, provided the arrangement is disclosed in writing to the client. Baystate Wealth has a policy that all solicitation arrangements must be in writing and must be fully disclosed to the client.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Baystate Wealth’s financial condition. Baystate Wealth has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.