

## **Reynders, McVeigh Capital Management, LLC**

### **Form ADV Part 2A Brochure**

This Brochure provides information about the qualifications and business practices of Reynders, McVeigh Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 617-226-9999. 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 Reynders, McVeigh Capital Management, LLC, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Reynders, McVeigh Capital Management, LLC, is 137342.

The SEC's website also provides information about any persons affiliated with Reynders, McVeigh Capital Management, LLC, who are registered as investment adviser representatives of Reynders, McVeigh Capital Management, LLC.

We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by 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 above or you may contact our chief compliance officer, Charlton Reynders, III at 617-226-9999 or [CReynders@reyndersmcveigh.com](mailto:CReynders@reyndersmcveigh.com)

Reynders, McVeigh Capital Management, LLC, is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

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Brochure prepared as of March 31, 2014.

#### **Material Changes**

This item of the Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

There have been no material change to this brochure since the Firm's last annual update of its brochure dated December 31, 2012.

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## **Advisory Business**

Managing assets has been our core business since our founding in 2005. Reynders, McVeigh Capital Management, LLC, (“We,” “Our” or “the Firm”) provides investment advisory and consulting services to high net worth individuals, trusts, estates, corporations and other businesses, charitable organizations, private pooled investment vehicles, investment companies, and pension and profit sharing plans. Our investment advice and portfolio management services are provided on a continual basis and include the appropriate allocation of managed assets primarily among cash, stocks, mutual funds and bonds. We provide proper diversification and clients meet our stated investment objectives.

Important assets require stewardship. In an increasingly complex financial environment, the choice among forms of management is both critical and difficult. At the core of that choice is a relationship – a relationship that should afford our clients not only investment skills, but concern, understanding and responsiveness as well.

Many years of working with high net-worth individuals and families have made us both sensitive to and knowledgeable about the special challenges and opportunities that accompany individual and family wealth. We have also provided extensive advisory services to foundations, endowments, and cultural institutions, as well as to corporations and pension/profit-sharing plans throughout the country.

In each instance, the most important service we provide is the determination, with the client, of an appropriate investment objective. Each client brings his, her or its own set of priorities, tolerances, and hopes to the table. Our job is to help set reasonable and responsible goals and to design an investment plan that not only meets the client’s needs, but is also in harmony with the client’s long-term vision.

We offer independent and carefully tailored advice to serve each individual client’s purposes. We do not sell products and, therefore, have no vested interest in any investment instrument that we may recommend. From the specific selection of individual stocks to the allocations within a portfolio to the structure of an estate, we are here to guide our clients as they envision their own, unique financial future. We are an independent investment management firm, 100%-owned by Charlton Reynders, III, and Patrick McVeigh. Our office is located in Boston, Massachusetts.

As of December 31, 2013, we managed client assets of approximately \$978,230,881, of which \$732,354,271 is managed on a discretionary basis and \$245,876,610 is managed on a non-discretionary basis. In addition, we advise directly on more than approximately \$4 billion in trust assets.

### **Charlton Reynders, III, Chairman, CEO and Chief Compliance Officer**

Chat brings more than 15 years of experience in investment management and social venture investing to Reynders, McVeigh Capital Management. His passion for forward-thinking investment strategy rooted in fundamentals has provided a guidepost for his success to date.

In addition to his leadership in the traditional investment management world, Chat has structured and funded public/private partnerships that have brought more than \$150 million in revenues to leading cultural institutions around the world – projects that have won numerous awards. In this vein, he has for decades produced socially-oriented IMAX films including *Dolphins*, which was produced in conjunction with the National Wildlife Federation and garnered an Academy Award nomination in 2000, and *Coral Reef Adventure*, which received the largest grant in the history of the Informal Science Division of the National Science Foundation.

Prior to launching Reynders, McVeigh Capital Management, LLC, Chat served as a senior officer and director of new business at Lowell, Blake & Associates. He oversaw growth in assets under management at that firm from just over \$200 million to nearly \$700 million, and worked as a senior equity strategist to lead key institutional relationships, advising on more than \$1 billion in outside assets. He previously served as executive director of The Whale Conservation Institute, the nation’s leading independent cetacean research center, which was founded under a grant from the MacArthur Foundation.

Chat graduated from Princeton University with a degree in history. He currently sits on the advisory boards of Project Adventure and the MacGillivray Freeman Educational Foundation. He has been featured and published in numerous publications including the *Wall Street Journal*, *Business Week*, *Forbes Magazine* and *Barron's*.

### **Patrick McVeigh, President and Chief Investment Officer**

Patrick is widely recognized as a pioneer in bringing traditional investment management together with socially responsible investing. With 26 years of experience in the industry, he was one of three original employees at Trillium Asset Management. His research there was a key factor in the growth of assets from startup to \$700 million. After eighteen years at Trillium, Patrick assumed the position of director of Research at Lowell, Blake & Associates.

A voice of reason and leadership within the socially responsible investing realm, Patrick has served as managing editor of *Investing for a Better World*, authored numerous articles on ethics and ecology, and contributed chapters to *The Social Investment Almanac* (New York: Henry Holt, 1992) and *Working Capital: The Power of Labor's Pensions* (Cornell University Press, 2001). He has also been featured in publications such as the *Wall Street Journal*, *Investment Advisor Magazine* and *Forbes Magazine*. Since 1995, Patrick has been project manager for a series of groundbreaking studies conducted by the Social Investment Forum, tracking the growth of socially responsible investing and its implications in the investment markets. He also served on the boards of SEED: The Haitian Community Loan Fund, directing approximately \$1 million to peasant cooperatives in Haiti to create businesses; the Social Investment Forum; and the San Jose Food Co-operative.

Patrick graduated from Santa Clara University with a bachelor's degree in economics and he was honored as the Scholar-Athlete of the Year for the West Coast Athletic Conference in 1978. He also attended a master's program in economics and sociology at Boston College.

## **Our Philosophy**

### **Objective**

To purchase companies with favorable long-term prospects, strong management teams, a clear sense of purpose and ethics, and that sell at a discount to intrinsic value.

### **Approach**

Combine bottom-up stock selection with top-down emphasis on long-term trends. Seek companies that have sustainable earnings power, clean balance sheets, and strong management to deliver powerful, compounding returns over time.

### **A long-term outlook**

We do not believe that any short-term trading strategy can overcome the risks and volatility inherent in the financial markets. All of our investments are based on a multi-year investment scenario and the long-term goals of our clients.

### **Ethics**

We will only invest in companies that we believe are committed to running their firms in an ethical manner. We look for fair treatment of employees, the environment, suppliers, customers, and shareholders because we believe that it is the right way to do business and because we believe it leads to competitive advantage.

### **Quality**

We invest in companies that have strong balance sheets with minimal debt. We seek out firms that can fund their own growth and, where appropriate, pay out a growing stream of dividends. We focus on our very best ideas.

**Sustainability**

We seek to invest in companies that offer sustainable earnings growth over extended periods of time. This growth should be built upon proprietary business practices, a strong balance sheet, and ethical management.

**Creativity**

We push ourselves to be creative and to be open to new ideas. We do all of our own research and regularly meet with an independent group of outside advisors to challenge our thinking. We will primarily invest in large-, mid-, small- and micro-cap equities, and in both domestic and international companies.

**Change**

While we have low turnover in our portfolios, we know that change is constant in the world and for our clients. Our portfolios are personalized to meet the varying needs of each client and to anticipate significant changes in the markets and in the complex global landscape.

**Independence**

We are contrarian in discipline, investing in companies when they are out of favor in the marketplace. We look for opportunities where others aren't looking. And we do not seek to balance our industry weightings against any market index.

**Equity Management**

Our equity management process is based on our belief that stocks of well-established companies that are producing powerful earnings and an above-average opportunity for dividend growth, when purchased at a reasonable price, will provide superior returns over long periods. We are long-term investors, not traders, and recognize the bite that taxes and transaction costs can take out of a client's return. We believe in the power of compounding returns. We invest in low-debt companies with progressive management teams that are serving areas of expanding demand. Transparency in the reporting of revenues and earnings is a critical factor in our discipline; we will only invest in companies where we can reasonably assess the risks we are taking on a client's behalf. If we cannot see how and where a company is earning its money clearly on an income statement, we will not invest.

Generally, the number of equity holdings in a portfolio will range from 30 to 40, affording ample diversification.

**Fixed-Income Management**

The purpose of the fixed income component of a balanced portfolio is twofold: It must generate assured income; and it must provide stability in the investment mix. We do not believe in taking on undue risk in fixed income investments. We do not put principal at risk by purchasing suspect credits or inordinately long maturities. We invest in the highest quality credits when constructing bond ladders for clients and will only consider U.S. treasury instruments, foreign government bonds and highly rated municipal and corporate offering. We buy at or near par and hold to maturity, avoiding the potential for capital loss. Bond portfolios are carefully tailored to individual circumstances. Tax status, liquidity requirements and income needs are all critical factors in establishing the right fixed-income mix for each client. We carefully monitor activity along the yield curve and will alter or add maturities when it is to the client's advantage or as their current bonds mature.

**Hourly Services**

We provide hourly investment advisory services on an occasional basis, to render consulting advice on specific portfolios.

**Fees and Compensation****Management Fees**

Our management fees are paid monthly or quarterly in advance or in arrears. Annual fees on equity accounts are 1 percent of the first \$3 million of investment assets and 0.75 percent thereafter. The fees on balanced accounts can either follow that formula or be reflected in an equivalent flat fee. If an account

should cancel our services when a portion of the fee remains unearned, that portion is returned to the client. All advisory fees are calculated, either as a percentage of assets under management or as a flat fee. Our advisory fees are negotiable depending on the circumstances and relationship with the client.

If mutual funds are selected to fill components of the overall investment strategy, the annual advisory fee does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. In addition to the annual advisory fee, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses for which the client will bear a proportionate share.

### **Termination**

Our services may be terminated upon written notice. In the event of a termination, the client will be entitled to a prorated refund of any pre-paid advisory fee based upon the number of days remaining in the regular billing period after the termination date.

### **Hourly Fees**

Our hourly fee for investment advisory services ranges from \$400.00 to \$600.00 per hour depending on the complexity of the service.

### **Fee Payment Options**

Clients may select to pay for our services from the following options:

- Direct debiting: At the inception of the relationship and each billing period thereafter, we will notify the client's custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, or its calculation on the assets on which the fee may be based. They will "deduct" the fee from the client's account(s) or from the account(s) the client has designated to pay our advisory fees from.
  - In addition to our sending clients copies of our invoices for their records, clients will receive statements directly from their custodian showing all transactions, positions and credits/debits to or from their account(s); the statements after the quarter-end will reflect these transactions, including the advisory fee(s) paid to us.
- Pay-by-check: At the inception of the relationship and each billing period thereafter, we will mail to a client an invoice for our services for payment via check within 15 days of receipt.
- Some institutional investors pay monthly fees in advance or in arrears of services.

### **Additional Fees and Expenses**

Advisory fees payable to the Firm do not include all the fees a client will pay when we purchase or sell securities for their account(s). The following list of fees or expenses are what the client may pay directly to third parties, whether a security is being purchased, sold or held in the account(s) under our management. Fees charged are by the broker dealer/custodian.

The Firm does not receive, directly or indirectly any of these fees that may be charged to a client. They are paid to the client's broker, custodian or the mutual fund or other investment they hold. The fees may include:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MFs), Exchange Traded Funds (ETFs);
- Advisory fees charged by sub-advisers (if any are used for client's account);
- Custodial Fees;
- Deferred sales charges (on MFs or annuities);
- Odd-lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;

- Commissions or mark-ups/mark-downs on security transactions; and
- Among others that may be incurred.

Reynders, McVeigh Capital Management, LLC, is a fee-only investment adviser. We do not have any potential conflicts of interest present that relate to any additional (and undisclosed) compensation from our clients or their assets that we manage.

### **Performance-Based Fees and Side-by-Side Management**

We do not charge any performance-based or side-by side management fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Types of Clients**

We provide the following services to a number of clients:

- High net-worth individuals
- Trusts, estates and charitable organizations
- Corporations and other businesses
- Pension and profit sharing plans
- Private pooled investment vehicles
- Investment companies registered under the Investment Company Act of 1940

### **Minimum Account Size**

We do not require a minimum account size.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### **Our Investment Strategies**

We offer several investment strategies to our clients and, in doing so, may invest in a wide range of securities and other financial instruments including:

- Equity securities
- Securities of non-U.S. issuers (including ADRs, EDRs and GDRs)
- Fixed-Income securities
- Options
- Traditional registered funds
- Exchange-Traded funds
- Over-the-counter securities
- Rights
- Restricted shares
- Local access products
- Certificates of deposit
- United States government securities
- Municipal securities
- Variable annuities and mutual funds
- Interests in partnerships investing in real estate, oil and gas interests
- Swaps
- Forward contracts
- Interest and principal only strips
- Structured notes
- Listed and over the counter derivatives
- Mortgage related and other asset backed securities
- Bank loans
- Collateralized debt obligations
- Collateralized mortgage obligations

- Foreign currency forward agreements
- Repurchase and reverse repurchase agreements
- Private placements

As financial markets and products evolve, we may invest in other instruments or securities, whether currently existing or developed in the future, when consistent with our client's guidelines, objectives and policies.

### **Security Analysis**

Our security analysis method is fundamental analysis.

### **Sources of Information**

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, annual reports, prospectuses, regulatory filings, company press releases, corporate rating services, and meetings with management of various companies.

### **Investment Strategies**

We employ a range of investment strategies to implement the advice we give to clients including long-term and short-term purchases.

### **Frequency Trading**

Strategies involving frequent trading of securities can affect investment performance.

### **Cash Management**

Each client custodian "sweeps" non-invested cash balances in client accounts every day into a money market account selected by the client and offered as a service by the custodian. At a client's request, we will recommend the sweep vehicle among the choices offered by the custodian. In that case, we make a recommendation based on our understanding of the client's tax status and risk preferences. Money market sweeps generally fall into three categories: government money market funds, prime-rated money market funds, and tax-exempt money market funds.

Our core expertise is active fixed-income management (including corporate, government, and municipal bonds), risk-managed equity management (primarily common stocks) and customized balanced portfolios. Services include the management of a wide range of fixed income, balanced and equity portfolios. In addition to the types of securities described above, we may invest in preferred stocks, government agency obligations, money market instruments and such other securities that we may select, unless expressly limited by written direction or client guidelines.

### **Risk of Loss**

All investments in securities include a risk of loss of a client's principal (invested amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). Historically, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of our clients' assets. However, we cannot guarantee any level of performance or that a client will not experience a loss of account assets.

The following risk factors are the material risk factors related to each significant investment strategy used by Reynders, McVeigh Capital Management, LLC.

**Equity Securities.** A client's investment portfolio may include positions in common stocks, preferred stocks and convertible securities principally of U.S. issuers and, to a lesser extent, non-U.S. issuers. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.



**Non-U.S. Securities.** We may invest clients' assets in securities of non-U.S. issuers. These investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of clients' assets denominated in that currency and thereby impact clients' total return on such assets. We may utilize derivatives to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of clients' assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of our trades affected in such markets.

**Investments in Fixed-Income Securities.** We may invest our clients' assets in fixed-income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper, and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Options.** Reynders, McVeigh Capital Management, LLC, may engage in various types of option transactions both as an independent source of profit and as part of its hedging strategy. The trading of options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. We may speculate on market fluctuations in the value of securities and securities indices while investing only a small percentage of the value of those assets or indices underlying the option. A change in the market price of the underlying asset or index will cause a much greater change in the price of the option contract. In addition, to the extent that we purchase options that we do not sell or exercise, clients' assets will suffer the loss of the premium paid. To the extent we sell options and must deliver the underlying securities at the option price, our clients' assets have an unlimited risk of loss if the price of the underlying security increases. To the extent we must buy the underlying securities, our clients' assets risk the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

When we write options we may do so on a “covered” or an “uncovered” basis. If we sell covered calls, we limit our clients’ opportunities to benefit from an increase in the value of the underlying security while continuing to bear the risk of decline in the value of that security.

**Registered Funds.** We may invest clients’ assets in both open-end mutual funds and closed-end funds. Open-end mutual funds are redeemable by selling the shares in such fund back to the issuer of such fund. Closed-end funds are generally not redeemable to the issuer but are redeemed by selling the shares in such fund to a third-party by means of open-market exchange. Registered funds involve additional expenses in addition to our management fees that are discussed in detail in Item 5 of this Brochure. In addition, investment returns on mutual funds will fluctuate and are subject to market volatility.

**Exchange Traded Funds.** Exchange traded funds (ETFs) are similar to index mutual funds, but are traded more like stocks. ETFs represent a basket of securities that are traded on an exchange. ETFs can be bought and sold throughout the trading day, allowing for intraday trading which is rare for mutual funds. Traders can sell ETFs short or buy ETFs on margin. ETFs are subject to risks similar to those of stocks. Investment returns on ETFs will fluctuate and are subject to market volatility.

**Over-the-Counter Trading.** We may purchase or sell instruments not traded on an exchange. Over-the-counter instruments, unlike exchange traded instruments, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument is greater and the ease with which we can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for such instruments. Over-the-counter instruments are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

### **Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item(s) to report. We are obligated to disclose any disciplinary event that would be material to a person when evaluating us to initiate a client/adviser relationship, or to continue a client/adviser relationship with us.

### **Other Financial Industry Activities and Affiliations**

Reynders, McVeigh Capital Management, LLC, is affiliated with Highwood Productions, Inc., a Massachusetts corporation, as Charlton Reynders, III is the president of this corporation. Highwood Productions, Inc. is the managing member of the following companies: Water Planet Film Production, LLC, Dolphin Film Production, LLC, Coral Reef Film Production, LLC, and To the Arctic, LLC.

In addition, Reynders McVeigh Capital Management, LLC is the manager of Aloe Investment, LLC, a Massachusetts limited liability company, which is a private equity fund that invests substantially all of its assets in another non-U.S. private equity fund. In addition, Reynders, McVeigh Capital Management, LLC is a sub-adviser to AdvisorShares Global Echo ETF, a series of AdvisorShares Trust, which is an investment company registered under the Investment Company Act of 1940.

#### **Fresh Pond Capital, LLC**

Fresh Pond Capital, LLC, is a wholly owned subsidiary of Reynders, McVeigh Capital Management, LLC. Fresh Pond Capital specializes in socially responsible investments, utilizing the Firm’s independent research and investment disciplines to tailor portfolios to individual client’s social interests. Boasting a team of professionals with a long and wide-ranging history in socially responsible investments, Fresh Pond Capital reviews, screens and uncovers a wide range of investment opportunities to meet the separate needs of its diverse client base.

## **Code of Ethics**

We have imposed restrictions upon ourselves or any person associated with us in connection with the purchase or sale, directly or indirectly, for their own account or accounts controlled by them, of securities recommended to or purchased for clients. We maintain strict guidelines and a Code of Ethics for all our employees designed to assure that we, or persons associated with us, may not benefit, directly or indirectly, from transactions made for the accounts of clients and that no other conflict of interest exists. Our principal and employee trades will be reviewed by the Chief Compliance Officer. Principals and employees will not receive a more favorable execution price on a particular day than those received by the Firm's investment advisory clients.

Principals and employees must comply with the following requirements:

- Offer investment opportunities to clients before personally acting on them. Allow the client a reasonable time period to act on the opportunity before placing a personal securities transaction. Keep written documentation that the opportunity was first offered to the client.
- Obtain the Chief Compliance Officer's written approval before investing in an initial public offering or private placement.
- Obtain prior written approval before placing a reportable personal securities transaction of more than 1,500 shares ("pre-clearance"), unless otherwise stated in the Firm's Code of Ethics. To the extent necessary, such approval shall be requested utilizing the Securities Transaction Pre-Clearance Request Form.
- Submit quarterly reports of all reportable personal securities transactions in which the principals and employees had or, as a result of the transaction, acquired any direct or indirect beneficial ownership. The reports are due no later than 30 days after the close of the calendar quarter and must be dated. Each transaction report must contain the date of the transaction, the title and, as applicable, the change ticker symbol or CUSIP number, interest rate and maturity date, number of shares, and principal amount of each reportable security involved.

### **Prohibition on Use of Insider Information**

We have also adopted policies and procedures to prevent the misuse of "insider" information (material, non-public information). A copy of such policies and procedures is available to any person upon request. A complete copy of our Code of Ethics may be obtained by contacting us at the address, telephone or e-mail on the cover page of this Brochure.

## **Brokerage Practices**

In managing investment portfolios, we act in a manner in keeping with what we understand and believe to be in the best interests of the client. Individual securities are selected to provide diversification among economic sectors and industries that are chosen to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

If a broker/dealer is selected by the client, he/she may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged. In addition, if a client directs us to use brokers or dealers not selected by the Firm, he/she should recognize that the quality of execution services obtained may be less than optimal.

Any directed brokerage arrangement may result in the inability of our Firm to include trades in block orders if the aggregated transaction is executed through a broker dealer other than the one that has been selected. In directing us to use a specific custodian, we will not have the authority to negotiate commissions among various custodians, obtain volume discounts, or achieve best execution.

Any prospective clients are hereby advised that lower fees for comparable services may be available from other sources such as the Internet and deep discount brokerage firms. We have no obligation to seek the lowest commission cost or charge the lowest advisory fee.

It is not our practice to negotiate “execution only” commission rates; clients may be deemed to be paying for other services provided by the broker which are included in the commission rate. These other services may include research, services such as marketed publications, advice, analysis, reports or on line financial information.

### **Allocation of Investment Opportunities and Orders**

We have adopted the following policies and procedures related to the fair allocation of investment opportunities. These policies are designed to help ensure that each client receives fair and equitable treatment in the investment process:

- Investment ideas and/or research analyst recommendations are equally disseminated among all appropriate investment professionals responsible for selecting investments.
- Transactions in the same security on behalf of more than one client are aggregated to facilitate best execution and to reduce brokerage commissions and/or other costs.
- When orders cannot be aggregated, we employ a trading rotation process that is fair and objective among institutional and private client accounts, managed account sponsors and passively managed accounts.
- Aggregated executions to participating accounts are allocated in a fair, equitable and objective manner and permissible reasons are delineated for deviating from the standard methodology and the related approval requirements.
- IPOs are only allocated to accounts when the issuer meets the investment objectives of participating accounts as well as a review process for allocations.
- Secondary offerings are allocated using our standard methodologies taking into account situations in which securities are allocated by the issuer based on a client's existing holdings.
- Conflicting investment opportunities between short selling and long investing are properly addressed.
- Accounts in which our employees or affiliates have a beneficial interest, or in which our Firm has a conflict of interest, do not receive preferential treatment.

We have developed trade allocation algorithms designed to help ensure that all clients receive fair and equitable treatment for investment opportunities that are too limited to be effectively allocated among all accounts. These algorithms consider various factors, including minimizing custodian fees from multiple executions for a single account and avoiding small allocations that would be either below minimum sizes for the marketplace or uneconomical in light of fixed settlement costs. Our allocation procedures differ for each of our equity strategies.

When orders are generated, the decision on which accounts should participate, and in what amount, is based on the type of security or other asset, the present or desired structure of the various portfolios and the nature of the account's goals. Other factors include risk tolerance, tax status, permitted investment techniques and, for fixed-income accounts, the size of the account and settlement and other practical considerations. As a result, we may have different price limits for buying or selling a security in different accounts. Portfolio information systems, portfolio reports and quality control reports permit us to consider these factors as appropriate.

When our investment professionals decide to sell a security regardless of tax considerations, both taxable and tax-exempt accounts are eligible for sale simultaneously. In situations where tax gains influence the sale, securities in the tax-exempt accounts may be placed for sale first, as additional time is needed to consider the tax implications for each taxable account. Conversely, when tax losses influence the sale, our Firm may prioritize taxable clients first, as the loss has a specific impact in a given year. In any event, the prioritization process is applied consistently over time.

### **Broker Analysis**

In an effort to achieve best execution, we consider the following factors in selecting brokers:

- Execution capability
- Order size and market depth
- Availability of competing markets
- Trading characteristics of the security
- Availability of accurate information comparing markets
- Quantity and quality of research received from the broker dealer

- Financial responsibility of the broker-dealer
- Confidentiality
- Responsiveness
- Ability and willingness to commit capital
- Availability of accurate information comparing markets
- The technology to process such data
- Other factors that may bear on the overall evaluation of best price and execution

Our order placement specialists are responsible for monitoring and evaluating the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, we periodically review our transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

### **Principal vs. Agency Transactions**

We do not participate in principal or agency transactions.

### **Research Services/Soft Dollars**

We select brokers primarily on the basis of their execution capabilities and do not engage in soft dollar contracts with brokers.

### **Cross Transactions**

Generally, with the exceptions set forth below, it is our policy not to engage in buying or selling of securities from one managed account to another (typically referred to as a “cross trade”). The vast majority of trades made for our clients’ accounts will be executed through the open market.

### **Trading Aggregation Practices**

When we trade the same security in more than one client account, we generally attempt to batch or “bunch” the trades in order to create a “block transaction.” Generally, buying and selling in blocks helps create trading efficiencies, prompt attention and desired price execution. We will place all or substantially all transactions to purchase or sell common stocks with the client’s “directed” broker, when applicable. (See the discussion below entitled, “**Directed Brokerage**”) Whenever possible, we will attempt to batch or aggregate trades for clients who use the same directed brokers in order to create a “block transaction.” The commission amount and per share commission rate will differ between our clients with directed brokerage relationships due to the dollar value and the size (number of shares) of the trade for each account, and the total relationship between the client and their broker. Because each client may differ in portfolio size, investment objective, equity exposure and the extent of the relationship with their broker, we do not negotiate commission discounts on the block transaction itself.

No commission is added to transactions in the case where the client has established a “fee in lieu of commission” account. We may identify instances for which we are unable to achieve best execution of securities trades in “fee in lieu of commission” or “wrap” accounts that we manage. In those circumstances, we may execute a trade as a “step-out” transaction with another broker that has agreed to execute the transaction without charging a commission. We will, however, trade with such brokers at their prevailing commission rates for our non-wrap clients for whom we have brokerage discretion either as part of the same “block transaction” or for different transactions.

### **Directed Brokerage**

We may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client. We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular client’s brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated us to do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if a client limits our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is our policy that such accounts not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

### **Other Fees in Connection with Trading**

In our efforts to achieve best execution of portfolio transactions, we may trade securities for client accounts by utilizing electronic marketplaces or trading platforms. Some of these electronic systems may impose additional service fees or commissions. We may pay these fees directly to the provider of the service or these fees may be included in the execution price of a security. Our intention is that we will only use such systems and incur such fees if we believe that doing so helps us to achieve the best execution of the applicable transaction, taking into account all relevant factors under the circumstances. For example, we will consider the speed of the transaction, the price of the security, our ability to block the transaction and other factors discussed in this Brokerage Practices section in connection with trading of stocks and bonds.

### **Accounts with Different Investment Objectives**

It is possible that we or our affiliates may manage accounts of clients whose investment objectives are substantially different from one another. As a result, it is possible that it would be appropriate for us to sell a security "short" from one account while holding it "long" in another account. This may occur if we manage an account that involves significant short term trading or pursues unique options strategies. In general, however, our positions with regard to any security will be net long. We seek to avoid a conflict of interest by attempting to limit such situations to, for example, an instance in which there is a readily available supply of the securities being purchased or sold and the transactions in a security do not affect its market price.

### **Review of Accounts**

Portfolios are reviewed at least quarterly by Charlton Reynders, III, Patrick McVeigh, George Rooks, Eric Shroyer, Thomas Roche, Julie McVeigh, Ashley Lyons, Yiannis Mitropoulos, Maria Arabatzis, Jackson Bell, Megan McGregor and Yuji Koga. However, Mr. Reynders, Mr. McVeigh, Mr. Rooks, Mr. Shroyer, Mr. Roche or Ms. McVeigh will approve any proposed changes before they are implemented. At the beginning of each client relationship, we create investment parameters with the client that guides our review process. We also maintain and follow a regular review schedule. Reviews are a Firm product, and we all share in the process.

Client accounts will normally be reviewed quarterly by senior officers. New accounts may initially be reviewed monthly. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the markets' economic or political environment. In some cases, we will offer global advice on securities between formal reviews. Clients will receive written quarterly appraisals that include account holdings, at market and at cost, account performance, with the comparable performance of market indices, and market commentary. The clients will also receive quarterly reports from their custodian detailing their assets and all activity in their account(s).

### **Client Referrals and Other Compensation**

Employees of the Firm may be paid referral fees as a part of their compensation when a client comes through them and chooses to work with Reynders, McVeigh Capital Management, LLC.

### **Custody**

Our Firm has custody because we act as trustee on a number of clients' trusts. A surprise exam is conducted annually by an independent public accountant. The Firm is also the managing member of Aloe Investment, LLC, a Massachusetts limited liability company, which has audited financial statements prepared in accordance with GAAP delivered to its members within 120 days of its fiscal year end.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, the custodial statement is the official record of the client's account(s) and assets.

### **Investment Discretion**

We usually receive discretionary authority at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to us in writing.

### **Discretionary Management**

We have discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities, for most clients. Such authority is provided in our contract with each client. In many cases, this discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. We have model portfolio guidelines available for clients to adopt, in whole or in part, if they do not have their own. Client investment guidelines may or may not limit the scope of potential investments. As a result, clients can impose restrictions on investing in certain securities or types of securities. Within client guidelines and instructions, our management team makes decisions as to the nature and quantity of securities to be bought or sold.

### **Wrap Account Management**

We manage client accounts through wrap fee programs sponsored by brokers or consulting firms. These wrap fee programs are the MAS Platform, sponsored by Merrill Lynch, and the Separate Account Network, sponsored by Fidelity Investments.

### **Voting Client Securities**

If requested by the client, we will vote proxies for all accounts for which it has voting authority in accordance with client instructions and in a manner in which the Firm believes it to be in the best interests of its clients. Our clients seek to vote only on social matters (i.e., environmental and human rights issues). We generally votes in accordance with the recommendations of the issuer's existing management, unless it is not prudent to do so. A written copy of the Firm's proxy policies and procedures are available upon request.

### **If The Firm Assists in Voting:**

It is the general policy of the Firm not to vote proxies with respect to proposals submitted for approval by shareholders of companies whose shares are held in client portfolios; to encourage clients to vote the proxies with a view to enhancing client awareness of the portfolio composition; and to, as appropriate, assist clients when they vote the proxies.

With respect to clients with large portfolios, we will assist clients in identifying proxy-voting services. In the event clients are not able to identify an affordable proxy-voting service, the Firm will, in appropriate circumstances provide proxy-voting services as an additional service under terms negotiated with clients.

#### **If the Firm Votes Proxies:**

##### **For those accounts that the client has asked the advisor to vote proxies-**

We will vote proxies for all accounts for which it has voting authority in accordance with client instructions and in manner in which we believe to be in the best interests of its clients. We recognize that in many instances the interests of corporate management may not be consistent with what we view to be in the best interests of its clients. Therefore, in the absence of written voting instructions from client, we have adopted the following voting guidelines:

- **Confidential Voting and Shareholder Actions**

We believe that the proxy voting systems should provide access to both management and shareholders. As such, we would tend to vote in favor of shareholder resolutions requesting that corporations adopt policies that comprise both confidential voting and the use of independent inspectors of elections. We would also generally oppose any measures that would restrict the right of shareholders to act by written consent or to call a special meeting of the shareholders.

- **Poison Pills and Golden Parachutes**

We believe that the shareholders of a corporation should have the right to vote upon decisions in which there is a real or potential conflict between the interests of shareholders and those of management. Thus, we will vote in favor of shareholder proposals requesting that a corporation submit a “poison pill” for shareholder ratification. We will examine, on a case-by-case basis, shareholder proposals to redeem a “poison pill” and management proposals to ratify a “poison pill”. We will also vote in favor of proposals that “golden parachute” proposals be submitted for shareholder approval.

- **Election of Directors**

We believe that one of the primary rights of a shareholder is the right to vote for the election of directors. We feel that all members of the board of directors should stand for election each year and will therefore, vote against a classified or “staggered” board.

- **Voting Rights**

We believe that each shareholder should have equal voting rights. We will vote against dual class voting and other unequal voting structures.

- **Fair Price Amendments**

We believe that “fair price amendments” can protect shareholders from coercive and discriminatory tender offers. We will generally vote in favor of fair price provisions and in favor of other measures that we feel will protect shareholders from coercive takeover bids, which do not provide for fair and equal treatment of all shareholders.

- **Target Share Payments**

We believe that shareholders should have the right to vote on the placement of blocks of a corporation’s stock in the hands of persons friendly to management.

We will vote in favor of shareholder proposals which request that corporations first obtain shareholder authorization before issuing any significant amount of voting stock (whether common or preferred), rights, warrants or securities convertible into voting stock to any person or group. We believe that shareholders should have the right to vote on placements that could enable management of a corporation to defeat a tender offer that may be in the best interests of shareholders.

- **Tender Offers**

We will consider tender offers on a case-by-case basis.



**Privacy Notice to Customers**

We do not disclose nonpublic, personal information about our individual clients, prospective clients or former clients except as permitted by law. We restrict access to nonpublic, personal information about clients (that we may obtain from client account statements and transactions) to those employees who need to know that information to provide products or services to the client or to alert them to new, enhanced or improved products or services that we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard all nonpublic personal information.

**Financial Information**

We are required in this item to provide certain financial information or disclosures about the Firm's financial condition. We have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and the Firm has not been the subject of a bankruptcy proceeding.

**Business Continuity Plan**

We have a Business Continuity Plan that addresses how we will respond to events that may disrupt its business. If the main telephone line is inactive, the emergency number is 978-468-6698. If the emergency line is down, clients are instructed to contact their custodian directly. The Firm will resume operations as quickly as possible (preferably within twenty-four hours) depending on the severity of the business disruption. Our Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, regulatory reporting and the assurance of prompt access to funds and securities for our customers. Additional details regarding the Firm's Business Continuity Plan are available upon request.