



**March 2014**

**Firm Brochure**

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

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

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

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

## Item 2 – Material Changes

On August 12, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV,” which requires us to provide clients with this Brochure and a brochure supplement written in plain English. This is an annual update of Banyan Partners’ Brochure. The last annual updating amendment was dated February 2013.

This annual amendment to Brochure (the “Brochure”) is dated March 31, 2014. The *material changes* since the last annual update to the Brochure dated February 2013 include the following:

During 2013, Banyan entered into three acquisitions of registered investment advisers, increasing assets under management from approximately \$1.1 Billion (as of 12/31/12) to more than \$4 Billion (as of 12/31/13). As a result of these changes, we have expanded our national footprint, significantly deepened our professional investment team and wealth services capabilities as well as enhanced our product lineup to offer clients investment solutions that can be fully customized to individual objectives. Please refer to the Brochure in its entirety for more information.

In addition, clients may now direct Banyan to vote proxies on their behalf. Clients may choose from the standard policy or the socially responsible policy. Please refer to Item 17 of the Brochure for more information.

Currently our brochure may be requested by contacting us at 800.422.6172 or [info@banyanpartners.net](mailto:info@banyanpartners.net). Our brochure is also available on our website at [www.banyanpartners.net](http://www.banyanpartners.net). Additional information about Banyan is also available on the Securities and Exchange Commission Website [www.adviserinfo@sec.gov](http://www.adviserinfo@sec.gov). Select “*investment adviser firm*” and type in “Banyan Partners, LLC” or Banyan’s CRD number (141398). The search results will provide you with both parts 1 and 2 of Banyan’s Form ADV.

A summary of any material changes to our brochure will be made by March 31st of each year. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of our last annual update of our brochure.

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## Item 4 – Advisory Business

**About Banyan Partners:** Banyan Partners, LLC (“Banyan”), is a limited liability company formed pursuant to Florida law. Banyan commenced operations in 2006. Banyan’s corporate headquarters are located in Palm Beach Gardens, Florida. Regional offices are located in:

Atlanta, Georgia;  
Boston, Massachusetts;  
Coral Gables, Florida;  
Fort Lauderdale, Florida;  
Madison, Wisconsin;  
Naples, Florida;  
New York, New York;  
Plano, Texas; and  
San Francisco, California

Banyan Partners is privately held and has approximately 90 employees. Banyan’s principal owners are Banyan’s President and CEO, Peter J. Raimondi and TPB (US) Limited Partnership.

During 2013, Banyan entered into three separate acquisitions of registered investment advisers. Effective August 1, 2013, Banyan Partners acquired Silver Bridge Advisors LLC, Silver Bridge Capital Management LLC, and Silver Bridge Family Office Partners, LLC (collectively, “Silver Bridge”). As of August 1, 2013, Silver Bridge had approximately 1,500 accounts with assets under management of about \$1.8 billion and an additional \$688 million in assets under advisement. Effective October 1, 2013, Banyan acquired Rushmore Investment Advisors, Inc. (“Rushmore”) an SEC registered investment adviser located in Plano, Texas. As of October 1, 2013, Rushmore had approximately 871 accounts with assets under management of approximately \$834 million. Banyan also acquired Holt-Smith Advisors, Inc. (“Holt-Smith”) an SEC registered investment adviser located in Madison, Wisconsin. As of October 1, 2013, Holt-Smith had approximately 279 accounts with assets under management of approximately \$108 million.

The acquisitions have significantly expanded our national footprint, deepened our regional presence in key areas and broadened our investment platform and capabilities. Each acquisition was made strategically because it offered complementary, synergistic services and expertise that helps us to better serve our clients.

**The types of services we offer:** Banyan offers a comprehensive set of advisory services and dedicated resources designed to specifically respond to the needs of our clients. These services include Discretionary and Non-discretionary investment advisory services as well as Wealth Management, Investment Consulting and Financial Planning. In constructing client portfolios, Banyan considers an array of investment vehicles across multiple asset classes, geographies and market capitalizations, which make up our open architecture platform. These investment strategies include external traditional and alternative strategies as well as a number of proprietary strategies. We invest in both active and passive investment vehicles as appropriate.

## **Investment Advisory Services**

### **Discretionary Investment Advisory Services**

Custom Portfolio Services

Concentrated Holdings Services

Proprietary Separate Account Strategies

### **Non-discretionary Investment Advisory Services**

Non-discretionary Investment Management

Wealth Management/Financial Planning Services

Model Platform

### **Investment Consulting Services**

Investment Consulting Services may be discretionary, non-discretionary or both.

Banyan Partners specializes in both qualitative and quantitative investment analysis and portfolio construction over a broad range of investment styles including growth, value, domestic and global. Our services listed above are described in more detail below.

### **Discretionary Investment Advisory Services**

Most of Banyan's Accounts/clients receive discretionary investment advisory services. Discretionary means you give us written authorization to make investment decisions on your behalf. Using that authority, Banyan will make all decisions to buy, sell or hold securities or other investments, including cash, in your account and/or allocate assets in your account to one or more of Banyan's proprietary separate account strategies (see Item 8 for more information about our proprietary strategies). We monitor these accounts and proactively buy and sell positions when we believe it is appropriate to help achieve your investment return objectives and/or to reduce risk.

Banyan's discretionary authority includes the ability to select external managers to manage your assets.

### **Custom portfolio services**

Under our customized solutions, we tailor an investment strategy to meet the needs of each client. Our customized platform includes asset allocation, portfolio construction and proprietary investment strategies, individualized equity and fixed income strategies, options strategies and, where suitable, access to alternative investments in hedge funds, private equity, real estate, and commodities.

Banyan custom portfolio services also include comprehensive review of existing assets to ensure a streamlined and tax efficient transition of your assets and/or securities to meet an appropriate asset allocation aligned to your individual investment objectives. Each client will be serviced by a dedicated portfolio management staff trained and experienced to respond specifically to their unique needs.

### **Concentrated Holdings Services**

Banyan provides analysis, research, monitoring, management and diversification strategies to clients with concentrated securities holdings on a pre-approved and selective basis. Our services may include where deemed suitable, options strategies to minimize risk and/or generate additional income to enhance portfolio returns.

### **Proprietary Separate Account Strategies**

Banyan offers several proprietary separate account strategies that utilize individual equities and/or fixed income securities, exchange traded funds, and/or no-load mutual funds. These solutions are designed to provide a foundation for your investment accounts through diversification and active management. Our proprietary separate account investment solutions may be used exclusively or in combination within your aggregate portfolio or your custom portfolio. We will help you determine which one, or combination, is best suited to your investment objectives and risk tolerance. Certain strategies also offer global diversification via worldwide currency diversification and hard asset exposure. They may employ proactive, but limited use of inverse securities and protective cash positions to help reduce the impact of severe market declines.

In our proprietary separate account strategies, client assets are managed in a separate account in accordance with the chosen Banyan proprietary strategy. The investments selected for the proprietary strategy do not take into consideration any other assets that the client may own, however, Banyan's professionals will offer advice about which strategy is best-suited for a client's needs. Banyan offers several proprietary separate account strategies. ***Clients may not impose restrictions on any proprietary strategy account.***

*Please see item 8 for more information about Banyan's proprietary separate account strategies.*

### **Allocations to other managers**

From time to time, and as part of Banyan's discretionary investment advisory services, Banyan may choose to use independent managers as sub-advisers over certain assets or strategies provided to Banyan's clients with our client's permission. The sub-adviser shall be authorized to buy, sell and trade in securities in accordance with client investment objectives as communicated by Banyan. Banyan is authorized to terminate or change independent managers when, in our sole discretion, we believe such a termination or change is in our clients' best interests.

Information describing our minimum account sizes and fees and rates is outlined in Item 5 of this Brochure.

Banyan may grant exceptions to minimum requirements for pre-existing clients, related households, or on a pre-approved basis only.

### **Non-discretionary Advisory Services**

Banyan will make investment recommendations based on clients' investment objectives, risk tolerance and financial circumstances. Recommendations will include asset allocation and specific investments. It will be the client's decision to implement Banyan's recommendations. We will provide ongoing and continuous guidance as dictated by our contract with each client.

### **Wealth Management & Financial Planning Services**

Banyan offers a range of wealth management and financial planning services for select clients. In providing wealth management and financial planning services, we provide clients with advice and information required to make informed decisions about their entire net worth or components of their net worth. The wealth management and financial planning platform has a flexible framework, which allows us to customize our offering and the services provided to meet the unique goals and objectives of each of our clients.

Our internal wealth management team works closely with members of a global law firm and our clients to provide specific guidance and develop tax and wealth management strategies. Banyan can provide a one-time financial planning review or provide annual financial planning reviews to assess our clients' current personal goals and objectives that may include:

- Vision statement that a client's financial, philanthropic, tax and wealth transfer objectives
- Income and retirement planning
- Protection planning
- Investment management planning
- Legacy planning
- Philanthropic Planning
- Business succession planning
- Executive planning
- Education Analysis

### **Investment Consulting Services**

As an investment consultant, Banyan provides clients with advice and information required to make informed decisions about their entire net worth or components of their net worth. The consulting platform has a flexible framework, which allows us to customize our offering and the services provided to meet the unique goals and objectives of each of our clients.

Specific investment consulting service options include but are not limited to the following:

- Diagnostic Review
  - Review client's current investment process
  - Review client's current investment advisory engagements
  - Provide executive summary of our observations and recommendations
- Investment Policy and Governance Design
  - Investment council/committee design
  - Investment policy development and design
  - Investment adviser oversight and coordination protocols
- Asset Allocation Services
  - Strategic and tactical asset allocation
  - Asset allocation modeling
  - Custom strategic asset allocation framework design
- Portfolio Construction and Implementation
  - Access to Banyan's open architecture platform
  - Equity and fixed income strategies
  - Concentrated security management
  - Hedge fund advisory services
- Performance Measurement, Reporting and Analysis
  - Custom benchmarking
  - Custom reporting
  - Strategy performance analytics
- Custom Investment Solutions
  - Customized security research
  - Custom manager searches
  - Custom research portal

As part of our Investment Consulting Services, Banyan may also provide discretionary investment advisory services in combination with other (non-discretionary) investment consulting services.

### **Model Platform Services**

Banyan participates in a number of "Model Platforms" wherein we provide our client (a Model Platform Sponsor), that is a financial services provider, with information about the investment program of one or more of our proprietary strategies. The Model Platform Sponsor makes our proprietary strategies available to its clients as investment options. Other than providing our investment program for our proprietary strategy and updates thereon, we provide no other services, nor have any other responsibilities or obligations with regards to the Model Platform Sponsor or its clients.



**How we tailor our advisory services to the individual needs of clients:** Prior to developing your investment plan, we will discuss with you:

- Your financial objectives and goals
- How long you intend to remain invested
- If you anticipate the need to periodically take funds from your account
- Your tolerance for risk

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

**We believe that our client's needs are best served by applying a consistent, disciplined investment process supported by independent research and analysis.**

Clients may place reasonable restrictions on their accounts such as specific investment selections and sectors. However, Banyan may choose not to advise a client whose investment objectives or restrictions may be considered incompatible with our investment philosophy or approach.

### **Wrap-Fee Programs**

Banyan participates in a variety of wrap-fee programs under which we act as the discretionary investment manager and/or program sponsor. Accounts maintained under these wrap-fee programs are managed in the same manner and along-side our non-wrap accounts. In consideration for our investment management services provided under these programs, we receive a portion of the total fee charged to the client by the program sponsor.

**Assets Under Management:** As of December 31, **2013**, we had approximately the following assets under management:

Discretionary:           \$ 3,712 billion

Non-Discretionary:   \$ 869 million

## **Item 5 – Fees and Compensation**

Banyan enters into a written investment management agreement with each client prior to providing services. This agreement describes the scope of Banyan Partners' services and how we calculate and charge our fees. Clients are billed in advance or arrears quarterly or monthly. If you do not receive a quarterly bill based on your current relationship, your fee statements are available at any time upon request.

We assess fees in several ways, dependent upon the agreement with each client:

We charge an asset-based fee calculated as a percentage of the market value of your account for both discretionary and non-discretionary investment services;

We charge a flat fee for Wealth Management and Financial Planning services;

We may assess hourly charges for our Wealth Management and Financial Planning services; and

We charge a performance-based fee for certain types of discretionary investment management services.

Note that Investment Consulting fees may be a combination of flat fees and asset-based fees, depending on each client's needs, and also may include hourly fees, as applicable.

Our fees for discretionary and nondiscretionary investment services are based on our standard fee schedule (see fee schedule below). Certain client accounts may have different fees and/or minimum requirements. ***Our fees do not include brokerage commissions; transaction costs or other related brokerage expenses*** (see Additional Fees and Expenses not paid to Banyan, below).

Standard Fee Schedule is as follows

<b>Service Option</b>	<b>Annual Fee Rates as % of Assets</b>
Investment Advisory Services: <ul style="list-style-type: none"> <li><i>Custom Equity Portfolios</i></li> <li><i>Custom Blended Portfolios</i></li> <li><i>Custom Asset Allocation Portfolios</i></li> </ul>	1.25% on the first \$1,000,000 1.15% on the next \$1,500,000 0.90% on the next \$7,500,000 0.70% on the next \$10,000,000 0.55% on the next \$15,000,000 0.45% on the balance  <i>Minimum relationship size is \$2,500,000</i>
Option Overlay: (additional fee added to Investment Advisory fee as noted above)	0.25%  <i>Minimum relationship size is \$2,500,000</i>
Covered Call Strategy	1.50% flat fee on the entire account balance  <i>Minimum accounts size is \$500,000</i>
Concentrated Holdings	Negotiable  <i>Minimum account size is \$ 500,000 within a \$2,500,000 relationship</i>
Proprietary Separate Account Strategies:  (Equity and Balanced, including Model Portfolio Management Strategies)	1.25%-2.00%, depending on strategy.  <i>Minimum account size is \$250,000*</i> <i>(Breakpoints available for account sizes over \$1 million)</i> <i>*Minimum relationship size is \$500,000</i>
Proprietary Separate Account Strategies: <ul style="list-style-type: none"> <li>Fixed Income Strategies</li> <li>Enhanced Cash Management</li> </ul>	0.50% on the first \$1,000,000 0.35% up to \$5,000,000.  <i>Minimum account size is \$1,000,000</i>  0.20% on the first \$10,000,000 0.15% on the next \$15,000,000 0.10% on the balance  <i>Minimum account size is \$1,000,000</i>

<b>Service Option</b>	<b>Annual Fee Rates as % of Assets</b>
Model Platform Fees	Range from 0.25% - 0.35% depending on the platform and the product
Investment Consulting Services	0.50% on the first \$25,000,000 0.40% on the next \$25,000,000 0.30% on the next \$50,000,000 0.20% on the balance  <i>Minimum relationship size is \$25,000,000.</i>
Financial Planning Services Wealth Management Services	Fixed fee of \$6,000 for initial plan plus \$300/hr over 15 hours  Annual updated plans are billed at \$300/hr

**Wrap Account Fees.** Wrap account clients are charged a bundled fee by the wrap program sponsor. The bundled fee includes fees related to custody, brokerage, commissions, investment management and other services as negotiated between the client and the wrap program sponsor. The wrap program sponsor calculates and pays us a fee quarterly for providing investment management services based on a percentage of account market values. This quarterly fee is either paid to us in advance or in arrears based on the wrap program sponsor's practices. Our fees for wrap accounts range from .45% to 65%.

**Performance-Based Fees.** While not part of Banyan's Standard Fee Schedule, Banyan may agree, on a case by case basis, to negotiate a performance-based fee arrangement for non-standard investment management services.

### **Automatic Fee Deduction/Billing**

When client funds and securities are held at with certain custodians, we will deduct our fees directly from the client's account, pursuant to authorization included in our investment management agreement. Some clients may be allowed to pay by check, including clients in Annuity or 401(k) products and those for whom we provide non-discretionary investment services. Otherwise, we will send an invoice to your custodian, who will be authorized to send Banyan a check. Account statements directly from your custodian will show all transactions and positions in your account, including our fees. It is the responsibility of the client, not the custodian, to verify that the advisory fee being applied to a client's account is correct.

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

Banyan requires a written notice of termination. Upon such notice, Banyan will cease making investment decisions for you and implement any reasonable written instructions that you provide. Your account can be closed and funds withdrawn only after any open trades have been settled. We will refund to you any fees, pro-rated using the account's market value on the last day of the previous quarter and the account closing date by either (a) a credit in your account or (b) by check.

In the case of termination within the initial three months of our services, the management fee paid will not be reimbursed.

You shall have five (5) business days from the date of execution of our Agreement to terminate our services for a full refund.

### **Additional Fees and Expenses not paid to Banyan**

**External Separate Account Manager Fees.** If Banyan engages an external separate account manager to manage a client's assets, the client will be responsible for paying all fees charged by the separate account manager on those assets in addition to Banyan's Investment Management and advisory fees. Banyan will obtain written consent from the client for outside manager fees.

**Mutual Fund and ETF Management Fees.** Investments in mutual funds and exchange-traded funds generally include an embedded investment management fee paid to the investment adviser of the mutual fund or exchange-traded fund. As such, client accounts with investments in those types of securities will be subject to two layers of management fees. An explanation of the fees and expenses paid by each mutual fund is contained in that mutual fund's prospectus.

**Mutual Fund transaction fees.** Depending on the custodian, Banyan may be able to purchase mutual funds with no transaction fees. Note that clients who do not trade through specific custodians may not be eligible for these waived transaction fees. Fees may be imposed upon early redemption, if the fund was owned prior to our management or if we sell the fund in our discretion. An explanation of fees and expenses charged by each mutual fund is contained in that fund's prospectus.

**Donor Advised Fund Fees.** If client assets are allocated to a donor advised fund, the client will be responsible for paying all fees charged by the fund on those assets in addition to Banyan's advisory fees. The fund will impose and arrange for the automatic deduction of its own fees from the liquidity account of each affected client.

**Brokerage Fees.** Banyan's fees exclude brokerage commissions, transaction fees, exchange fees, SEC fees and other related trading costs and expenses, which will be borne by clients. Banyan will not receive any portion of such commissions, fees, and costs.

The following is a list of additional fees and expenses that may be directly billed or borne proportionately by you and third parties:

Custodial fees, Transfer taxes, Odd-lot differentials, Margin interest, Deferred sales charges (on mutual funds or annuities), Wire transfer and electronic fund processing fees, Advisory fees and administrative fees charged by mutual funds and exchange traded funds (ETFs).

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

### **Custodial Support Services Agreement with Fidelity**

Banyan has entered into a custodial support services agreement with Fidelity Institutional Wealth Services (“Fidelity”), which, through Fidelity Brokerage Services LLC or National Financial Services LLC provides execution, custodian and other services for some of Banyan’s accounts. Under this agreement, Banyan provides Fidelity with certain back office, administrative, custodial support and clerical services with respect to certain accounts (“support Services”). Fidelity pays Banyan a fee for providing these Support Services. The fee is calculated based on the average daily balance of eligible client assets, which consist primarily of client investments in non-transaction fee mutual funds other than Fidelity sponsored funds. Banyan’s receipt of this compensation may create conflicts of interest in recommending investments in eligible assets and in choosing or recommending Fidelity as custodian.

To the extent Banyan is acting as a “Fiduciary” with respect to “Qualified Accounts” subject to the Employee Retirement Income Security Act of 1974, as amended and the applicable “ERISA mirror provisions” of Section 4975 of the Internal Revenue Code of 1986, as amended (“ERISA”), Banyan will seek to avoid any situation where its receipt of compensation from Fidelity for Support Services would be a prohibited transaction under ERISA. “Fiduciary” shall be defined as that term is defined under ERISA and “Qualified Accounts” shall mean accounts that constitute a retirement plan or other employee benefit plan subject to ERISA, an account for a tax-qualified retirement plan (including a Keogh plan), or an individual retirement account under the Internal Revenue Code.

As part of its fiduciary duties to clients, Banyan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Banyan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Banyan’s choice, or recommendation to its clients, of non-transaction fee mutual funds not sponsored by Fidelity for investment in Fidelity Accounts. However, Banyan’s policies and procedures dictate that Banyan’s portfolio managers choose investments for client accounts, considering the best interest of the client. This ADV Brochure is made available to all of Banyan’s clients and is accessible on Banyan’s website.

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

Banyan manages a small number of accounts that pay performance-based fees (the “performance-based fee accounts.”) The portfolio managers who manage the performance-based fee accounts also manage accounts that generate asset-based fees. However, the strategy of the performance-based fee accounts is unique. Occasionally, the asset-based fee accounts trade in the same security as the performance-based fee accounts. Although there may be a conflict of interest for the portfolio manager in allocating such trades because of the performance fee, our policies prevent the performance-based fee accounts from receiving a more favorable execution. When the portfolio manager trades the same security in the performance-based fee accounts and the asset-based fee accounts, the trades are aggregated and the performance-based fee accounts will be allocated the security at the same execution price as the asset-based fee accounts.

## **Item 7 – Types of Clients**

Banyan provides investment advisory and wealth management services to a wide variety of clients. Banyan’s clients are:

- Individuals;
- Trusts, estates and charitable organizations;
- Family Offices;
- Corporations or other business entities;
- Not-for-profit entities, including foundations;
- Retirement and profit sharing plans such as IRAs and 401(k) accounts;
- States or municipal government entities; and
- Other investment advisers

Minimum requirements for opening an account are disclosed on our Standard Fee Schedule, under Item 5, Fees and Compensation. Minimum account sizes may vary based on the type of services.

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

### **Methods of Analysis**

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

commercially available technology, financial periodicals and other publications, SEC filings, and financial statements to assist with our analysis. In certain instances, we may use outside consultants to provide expertise in particular areas or for more in-depth analysis.

Our process includes analysis of balance sheets and income statements, business activities, news and industry developments, as well as a review of available research from various sources. We also may use technical analysis, chart analysis, and chart interpretation. These three approaches use statistics generated by market activity, such as past price and volume, as indicators of potential future activity. Finally, we consider psychological factors in making decisions to purchase or sell securities.

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

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

Our investment selection process for fixed-income securities is based on the specific client's/strategy's goal for liquidity, our portfolio manager's outlook, and our view of the interest rate environment.

Our investment solutions team uses a rigorous due diligence review process to select external manager strategies that are part of our open architecture platform. This review includes quantitative and qualitative analyses to assess each manager's likelihood of generating strong future returns as well as to measure the risks associated with the generation of those returns. The investment solutions team monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The investment solutions team's ongoing screening process is also designed to uncover new external investment strategies. Banyan's open architecture platform consists of:

**External Manager Separate Accounts.** Banyan may engage any U.S. registered investment adviser as a separate account manager to manage a client's assets on behalf of a client and at the client's expense. Separate accounts allow investors to own securities directly rather than indirectly through ownership of a fund.

**Mutual Funds and ETF's.** Banyan evaluates, selects and monitors mutual funds and ETF's across multiple asset classes and investment styles.



**Donor Advised Funds.** If a client has an interest in charitable giving, Banyan may allocate a portion of the client's assets to a donor advised fund. Under our arrangement with each foundation we work with, the foundation administers the donor advised funds for affected clients and Banyan manages the assets in these donor advised funds.

**Alternative Investments.** Banyan will evaluate, select and monitor alternative investments for qualified clients.

**Derivative Investments.** Banyan will evaluate, select and monitor investments in derivative instruments for qualified clients.

**Proprietary Strategies.** For clients who have selected the Investment Advisory Service option, we may utilize our own proprietary strategies as appropriate. Our proprietary strategy options include equity, fixed income, enhanced cash management, and other strategies described under "Proprietary Separate Account Strategies" below.

### **Investment Strategies**

We develop and use our own investment strategies and processes in managing our clients' portfolios. These unique strategies are combined, as appropriate, for each client's individual situation. We use one or a combination of our strategies based on a client's situation.

Banyan offers ***five major categories*** of investment solutions, Equity, Fixed Income, Options, Tactical and Investment Consulting/Asset Allocation. Within each of the categories of Equity, Fixed Income and Tactical, Banyan offers various proprietary strategies.

### **Proprietary Separate Account Strategies**

**Equity.** Banyan's offers several proprietary equity strategies geared to client's investment objectives including balanced accounts, and equity strategies ranging from core to aggressive growth strategies.

**Fixed Income.** Banyan's fixed income strategies include taxable, tax-free and high-yielding portfolios.

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

**Tactical.** Banyan offers a variety of quantitatively managed strategies in both equity and fixed income that are designed to participate in market growth and protect against market declines by increasing cash and short term fixed income holdings in down markets.

**Asset Allocation.** Banyan has 6 Asset Allocation Models which may be used for our custom accounts and investment consulting accounts:

- Conservative Income
- Income
- Balanced
- Balanced Growth
- Growth
- Aggressive Growth

Portfolios under \$1 million in size may conform to an asset allocation model designed to meet the specific needs of a common group of clients. Banyan utilizes a strategic (long-term) and tactical (short-term) asset allocation framework as the basis for constructing a client's portfolio. Portfolios are constructed based upon a client's risk and return requirements and take into consideration a client's unique circumstances, tax requirements and other assets during the construction process. Each portfolio is assigned a specific investment objective based upon its own unique goals and objectives.

### **Risk of Loss**

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

Any investment managed for clients by Banyan or external investment managers could decrease in value as a result of the following events.

**Market Risk.** A decline in the stock market could depress the prices of stocks and other equity securities in a client's portfolio.

When the stock market strongly favors value or growth stocks, Banyan's "growth at a reasonable price" style of equity investing could underperform. The performance of external managers could suffer when their particular investment style is out of favor.

Banyan's large cap equity strategies could underperform when the market favors smaller capitalization stocks. Banyan's small/mid cap strategy could underperform when the market favors larger capitalization stocks.

An increase in interest rates or a change in the relationship between different market interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

**Event Risk.** An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds.

The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency.

Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.

**Liquidity Risk.** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

**Political Risk:** The events that occur in the home country of the foreign company. Revolutions, nationalization, currency collapse or other types of events can have an impact on the security.

**Inflation Risk:** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.

Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:

- Typically require investors to lock-up their assets for a period of time and may be unable to meet redemption requests during adverse economic conditions;
- Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
- Are more difficult for Banyan and external managers to monitor and value due to a lack of transparency and publicly available information about these funds;
- May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
- Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

**Derivative Instruments.** Investing and engaging in derivative instruments and transactions, including options, commodity funds and commodity exchange traded funds ("ETFs"), may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

**Possible Leverage.** A derivative instrument or transaction may disproportionately increase an account's exposure to the market for the assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will

tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions on an account's performance.

**Counterparty Credit Risk.** An account's ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (a "counterparty") to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

**Lack of Correlation.** The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's assets being incompletely hedged or not completely offsetting price changes in the derivative position.

**Illiquidity.** Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

**Less Accurate Valuation.** The absence of a liquid market for over-the-counter derivatives increases the likelihood that Banyan will be unable to correctly value these interests.

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

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

## **Item 9 – Disciplinary Information**

Neither Banyan Partners nor any of its employees have any disciplinary matters to disclose regarding its advisory business or the integrity of its management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Banyan Partners LLC is an independent investment advisory firm and is not and is not affiliated with a securities broker-dealer, futures commission merchant, or investment company. Certain Banyan Employees may serve on corporate boards; however, such board participation requires approval by Banyan's CEO and does not create any material conflict for Banyan or the employee/principals involved.

### **Sales of Fidelity-issued Annuity**

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

### **Custodial Support Services Agreement with Fidelity**

Banyan has entered into a custodial support services agreement with Fidelity Institutional Wealth Services ("Fidelity"), which, through Fidelity Brokerage Services LLC or National Financial Services LLC provides execution, custodian and other services for some of Banyan's accounts. Under this agreement, Banyan provides Fidelity with certain back office, administrative, custodial support and clerical services with respect to certain accounts ("support Services"). Fidelity pays Banyan a fee for providing these Support Services. The fee is calculated based on the average daily balance of eligible client assets, which consist primarily of client investments in non-transaction fee mutual funds other than Fidelity sponsored funds. Banyan's receipt of this compensation may create conflicts of interest in recommending investments in eligible assets and in choosing or recommending Fidelity as custodian.

To the extent Banyan is acting as a "Fiduciary" with respect to "Qualified Accounts" subject to the Employee Retirement Income Security Act of 1974, as amended and the applicable "ERISA mirror provisions" of Section 4975 of the Internal Revenue Code of 1986, as amended ("ERISA"), Banyan will seek to avoid any situation where its receipt of compensation from Fidelity for Support Services would be a prohibited transaction under ERISA. "Fiduciary" shall be defined as that term is defined under ERISA and "Qualified Accounts" shall mean accounts that constitute a retirement plan or other employee benefit plan subject to ERISA, an account for a tax-qualified retirement plan (including a Keogh plan), or an individual retirement account under the Internal Revenue Code.

As part of its fiduciary duties to clients, Banyan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Banyan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Banyan's choice, or recommendation to its clients, of non-transaction fee mutual funds not sponsored by Fidelity for investment in Fidelity Accounts.

## Item 11 – Code of Ethics

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

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

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

Our employees are required to report all personal securities transaction. They also must report their holdings initially and on at least a quarterly basis. Banyan employees are required to report all securities transactions except for transactions in: U.S. government obligations; Money market funds; Bankers acceptances; Bank CDs; Commercial paper; High quality short-term debt instruments; shares issued by money market funds, open end mutual funds registered in the US and shares issued by unit investment trusts that are exclusively invested in open-end mutual funds registered in the US. Our Chief Compliance Officer is responsible for reviewing these transactions and holdings.

Banyan employees may invest in the same securities that Banyan recommends to its clients. All such transactions are reviewed by Banyan's compliance department and if such transactions are permitted, it is because Banyan believes that such transactions do not to present a conflict of interest considering the markets and liquidity for the securities traded. Any employee transaction in securities that would be deemed to create a conflict of interest with clients and/or client accounts would require prior approval.

Our Code of Ethics also provides that our employees may not serve on the board of directors of any public company, including mutual fund boards of trustees without approval. Employees must obtain prior written permission to serve as a trustee on a client account other than the account of a family member or to serve as a trustee or a board member for any charity or not for profit entity. Our employees do, in fact, serve various charitable, civic and community causes. If such service is approved, it is because it does not create any conflict of interest.

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

## Item 12 – Brokerage Practices

When clients do not direct us to trade through a particular broker-dealer, Banyan Partners uses independent brokers and dealers to purchase and sell securities for client accounts. In selecting brokers and dealers to effect client transactions, we try to obtain for clients (1) the prompt execution of client transactions while market conditions still favor the transaction and (2) the most favorable net prices reasonably obtainable. This is called “best execution.” In placing orders to purchase and sell equity securities, Banyan selects brokers it believes will provide the best overall qualitative execution given the particular circumstances.

Brokerage fees for trades executed through clients’ custodians and other broker-dealers may vary depending on the qualified custodian where the account is custodied. There may be specific terms, fees, or commission schedules associated with trading with qualified custodians’ affiliated broker-dealers. The trading desk takes into consideration any applicable terms, fees and commissions imposed by the applicable custodians, and seeks to execute trades through the most cost effective broker-dealer without sacrificing execution quality. As a result the price at which trades are executed will likely vary, depending on an account’s custodian.

Brokers identified and approved as equity trading partners are listed on Banyan’s “Equity Broker Approved List.” When selecting a new equity broker, our investment team conducts a due diligence review of the broker to evaluate whether the broker is likely to provide best execution. We may consider any of the following factors:

- The quality of services provided (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range)
- The extent of coverage of the various markets Banyan trades in
- The broker’s ability to communicate effectively with us
- The broker’s ability to execute and settle difficult trades
- Whether or not the broker offers lower cost electronic trading
- The broker’s clearance and settlement efficiency
- Whether or not the broker can handle Banyan’s range of order sizes
- The broker’s ability to maintain confidentiality and anonymity
- The reputation of the broker
- The stability and financial strength of the broker

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. In making this assessment we consider the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. We do not consider participation in the WAS Program with Fidelity, or the AdvisorDirect Program with TD Ameritrade (Please see Item 14 below) in choosing brokers and dealers to execute client transactions.

Certain custodians have programs that allow us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

### **Fixed Income Securities Transactions**

Fixed income securities (*i.e.*, bonds) are generally traded in an over-the-counter market. In this market, bond dealers place bids and make offers to buy and sell bonds on a net basis with no stated commission plus accrued interest. Any commission or net mark up is implied by the difference or “spread” between the price the dealer purchases the bond for and the price the dealer sells the bond at. A new issue bond is sold to purchasers at a net price with a fixed sales credit paid to the underwriter by the issuers of the bond.

Dealers identified and approved as fixed income trading partners are listed on Banyan’s “Fixed Income Approved Dealer List.” Before Banyan selects a new fixed income dealer, the Director of Fixed Income identifies the new dealer to be considered and provides due diligence material to the Chief Investment Officer for approval. Under the oversight of the investment policy committee, the Chief Investment Officer reviews this due diligence material and approves or rejects the selection of the dealer. We may consider any of the following factors:

- The quality of services provided
- The extent of coverage of the various markets Banyan trades in
- The dealer’s ability to communicate effectively with us
- The dealer’s ability to execute and settle difficult trades
- Whether or not the dealer offers lower cost electronic trading
- The dealer’s clearance and settlement efficiency
- Whether or not the dealer can handle Banyan’s range of order sizes
- The dealer’s ability to maintain confidentiality and anonymity
- The reputation of the dealer
- The stability and financial strength of the dealer

On an ongoing basis, the Director of Fixed Income monitors our relationships with dealers on our Fixed Income Approved Dealer List and documents any issues involving a particular dealer.

### **Research and Other Soft Dollar Benefits**

While we seek best execution on behalf of those clients who do not direct us to trade with a particular broker-dealer, we may direct trades to certain broker-dealer affiliates of client custodians in return for investment research products and/or services that assist us with our investment decision-making process. Generally, the research that we receive is used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that particular client’s portfolio. Client commissions utilized to pay for brokerage and research are known as “soft dollars.” When clients do not direct us to trade through a particular broker-dealer, Banyan seeks to comply with Section 28(e) of the 1934 Act, which provides a “safe harbor” allowing investment advisers to choose broker-dealers to execute



client trades at a commission rate that may be higher than lowest available commission for brokerage and research services if Banyan determines in good faith that: (1) the brokerage or research services fall within the definitions of eligible research services set forth in Section 28(e); (2) the brokerage or research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. Our receipt of these services as well as our allocation of the benefit of these services may pose conflicts of interests further described below.

Banyan receives a benefit from commissions paid by clients because Banyan does not have to produce or pay for the research, product, or services. Further, Banyan may have an incentive to select a broker-dealer based on its interest in receiving research, products or services, rather than on our clients' interest in best execution.

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

Banyan participates in the institutional adviser program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional (<sup>1</sup>) is a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated, independent SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Banyan receives some benefits from TD Ameritrade through its participation in the Program. As a result of its participation in the Program, Banyan may have a potential conflict of interest with respect to its decision to use TD Ameritrade for execution, custody and clearing for certain client accounts and Banyan may have a potential incentive to suggest the use of TD Ameritrade and its affiliates to its advisory clients. (Please see additional disclosures about the Program and other TD Ameritrade programs under Item 14 below.)

Banyan also participates in the AdvisorDirect Program with TD Ameritrade ("AdvisorDirect") through which TD Ameritrade provides client referrals to Banyan for which Banyan pays a fee to TD Ameritrade. As a result of its participation in AdvisorDirect, Banyan may have a potential conflict of interest with respect to its decision to use TD Ameritrade for execution, custody and clearing for certain client accounts, and Banyan may have a potential incentive to suggest the

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<sup>1</sup> TD Ameritrade Institutional, Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank. © 2011 TD Ameritrade IP Company, Inc. All rights reserved. Used with permission.

use of TD Ameritrade to its advisory clients, whether or not those clients were referred to Banyan as part of the AdvisorDirect Program.

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

Banyan also participates in the Fidelity Wealth Advisor solutions Program (the "WAS Program") through which Fidelity provides client referrals to Banyan for which Banyan pays a fee to Fidelity. (Please see the disclosure under Item 14. below.) As a result of its participation in the WAS Program, Banyan may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Banyan may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Banyan as part of the WAS Program.

Under an agreement with SAI, Banyan has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its this Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, Banyan has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when Banyan's fiduciary duties would so require; therefore, Banyan may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit Banyan's duty to select brokers on the basis of best execution.

### **Client Directed Brokerage**

Certain clients have directed Banyan to use a particular broker or dealer who has an existing relationship with or provides custodial or other services to a client. Banyan requires any directed brokerage instructions to be in writing. Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.

- Directed brokerage accounts may not be able to participate in aggregated or block transactions with other clients. This may preclude directed brokerage accounts from obtaining more favorable terms that might be available from aggregated transactions.
- If Banyan Partners is placing orders in the same security for both directed brokerage clients and clients that do not direct, Banyan may place orders for directed brokerage clients after it has placed orders for other clients.

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

### **Trade Aggregation & Order Handling**

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

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

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

Banyan does not have an affiliated broker-dealer. Accordingly we never purchase or sell securities for our clients on a "principal" basis. A principal trade, by definition, involves a broker-dealer buying or selling from its own inventory to clients. Additionally, we do not engage

in “agency cross” trades between clients, i.e., acting on behalf of our client as well as the party on the other side of the transaction.

### **Item 13 – Review of Accounts**

Banyan believes that ongoing client account reviews should be an integral part of our process and has implemented several processes conducted by different groups within our firm. These groups bring varying expertise to the process and help us maintain our high service standard.

Banyan’s portfolio advisors and portfolio managers manage the firm’s clients’ portfolios and are responsible for clients’ investment plans and positioning of accounts based on market conditions and risk tolerances. In addition to our ongoing review of managed clients, the advisers annually review client portfolios to determine if the allocation is in line with stated objectives and is being managed in accordance with Banyan’s stated strategy objective, policies and procedures. Banyan’s Operations Team conducts a review of new account paperwork at the beginning of this relationship. This pre-review ensures that we have obtained all the appropriate documents such as trust documents, corporate resolutions, etc.

Banyan’s Chief Operating Officer or Chief Investment Officer or his or her designee will also conduct a review of the services selected and their suitability based on the information provided in new account documentation. At a minimum, accounts are reviewed by senior management on an annual basis to ensure that current investments remain consistent with stated objectives. Significant changes in the market, as well as any changes in your financial circumstances that you notify of us, can trigger a review of your investments. Furthermore, client accounts are reviewed when a major event or shift in market conditions are likely to impact holdings.

Financial planning and consulting services clients are reviewed by our investment consultants on an “as needed” or pre-decided basis. We may provide these clients with summaries of our analyses and related conclusions as well as special reports that we mutually agree are necessary. We encourage our clients to discuss their needs, goals and objectives and keep us informed of any material changes.

Banyan Partners provides advisory clients standard quarterly reports containing pertinent information related to their managed assets and the services we are providing. Those reports may contain a listing of holdings, a summary of inflows and outflows, performance summary and asset allocation breakdown in addition to other relevant data.

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

Banyan is part of the Fidelity Wealth Advisor Solutions network. Banyan also participates in certain programs with TD Ameritrade and has, in the past, participated in the Schwab Advisor Network®. Our participation in these programs allows us to receive client referrals and other benefits from these firms. Banyan also has relationships with certain third party solicitors. Please see below for more information.

### **Fidelity Wealth Advisor Solutions Program**

Banyan participates in the Fidelity Wealth Advisor Solutions Program (the ‘WAS Program’), through which Banyan receives referrals from Strategic Advisers, Inc. (“SAI”), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. Banyan is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Banyan, and SAI has no responsibility or oversight for Banyan’s provision of investment management or other advisory services. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to Banyan does not constitute a recommendation or endorsement by SAI of Banyan’s particular investment management services or strategies.

Under the WAS Program, SAI acts as a solicitor for Banyan, and Banyan pays referral fees to SAI for each referral received based on Banyan’s assets under management attributable to each client referred by SAI or members of each client’s household. These referral fees are paid by Banyan and not the client. Banyan will not increase its fee to the client to cover the cost of the referral. Banyan has agreed to pay SAI an amount equal to the sum of an annual percentage ranging from 0.10% - 0.25% of all assets held in such accounts for a period of 7 years from the date the referral assets are funded. The fee amount is dependent on whether the referral was for fixed income or not and the whether it was a legacy Banyan client or not.

To receive referrals from the WAS Program, Banyan must meet certain minimum participation criteria, but Banyan may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”).

As a result of its participation in the WAS Program, Banyan may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Banyan may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Banyan as part of the WAS Program. Under an agreement with SAI, Banyan has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, Banyan has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when Banyan’s fiduciary duties would so require; therefore, Banyan may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit Banyan’s duty to select brokers on the basis of best execution.

### **TD Ameritrade’s AdvisorDirect**

Banyan also participates in TD Ameritrade’s AdvisorDirect national referral program. Banyan pays TD Ameritrade 25% of the advisory fees that it receives from referred clients. Banyan is an independent investment adviser and is not affiliated with TD Ameritrade, nor does TD

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

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

### **TD Ameritrade Institutional Advisor Program**

Banyan participates in TD Ameritrade's Institutional program and Banyan may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Banyan's participation in the program and the investment advice it gives to its Clients, although Banyan receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Banyan participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an

electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Banyan by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Banyan and/or Banyan's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Banyan but may not benefit its Client accounts. These products or services may assist Banyan in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Banyan manage and further develop its business enterprise. The benefits received by Banyan or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Banyan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Banyan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Banyan's choice, or recommendation to its clients, of TD Ameritrade for custody and brokerage services.

#### **TD Ameritrade – Additional Services**

Banyan also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include ADVENT, a portfolio management and accounting system that includes trade processing and trade order management. TD Ameritrade provides the Additional Services to Banyan at its sole discretion and at its own expense, and Banyan does not pay any fees to TD Ameritrade for the Additional Services. Banyan and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services, which include the requirement that the Additional Services be used in connection with Banyan's investment advisory business for the direct or indirect benefit of Banyan's and TD's mutual clients.

Banyan's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Banyan, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Banyan's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Banyan, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Banyan may have an incentive to recommend to its clients that the assets under management by Banyan be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Banyan's receipt of Additional Services does not diminish its duty to act in the best of its clients, including the duty to seek best execution of trades for client accounts.

As part of its fiduciary duties to clients, Banyan endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Banyan or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Banyan's choice, or recommendation to its clients, of TD Ameritrade for custody and/or brokerage services.

### **Schwab Advisor Network®**

Banyan manages accounts which originated as referrals from Charles Schwab & Co., Inc. ("Schwab") through its participation in the Schwab Advisor Network® (the "Service"). Although Banyan no longer participates in the Service, we continue to pay residual referral fees on those client accounts originated by the Service. Schwab is a broker/dealer independent of and unaffiliated with Banyan. Schwab does not supervise Banyan and has no responsibility for Banyan's management of clients' portfolios.

### **Third Party Solicitors**

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

## **Item 15 – Custody**

Banyan Partners does not maintain direct custody or possession of your funds or securities; they are held at unaffiliated qualified custodians. Although we do not hold your assets, we are deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisers Act, in a limited number of client accounts, for one or more of the following reasons:

- Banyan is authorized by its clients to debit our management fees directly from client accounts;
- A Banyan associate has been named as a trustee of a trust account which we manage; and
- Banyan has authorization to direct payments from client accounts held by a certain custodian.

Because Banyan is deemed to have custody of certain accounts, Banyan is required to submit to an annual surprise exam by a nonaffiliated CPA and file form ADV E.

Our clients receive statements from their custodians detailing all transactions in their accounts including contributions and withdrawals, fees and expenses charged to the accounts; and the value of the accounts at both the beginning and the end of each reporting period. Additionally, the custodian will produce a year-end summary and related tax reporting documents, as applicable.



You should always compare the statements received from your custodian to your statements received from Banyan.

## **Item 16 – Investment Discretion**

Banyan accepts discretionary authority to manage securities accounts on behalf of clients. This authority is granted to Banyan through the execution of an Investment Management Agreement (“IMA”) between the Client and Banyan. Banyan will not commence management of an account without receiving the IMA properly executed by the client.

Clients may place reasonable restrictions on their accounts such as specific investment selections and sectors. However, Banyan may choose not to advise a client whose investment objectives or restrictions may be considered incompatible with our investment philosophy or approach. Banyan is unable to accept client may restrictions on the investments selected for a specific proprietary or model strategy.

### **Class Action Suits**

Banyan ordinarily will not advise or act on behalf of clients in any legal proceedings, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. The client (or client’s agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in the client’s account. We will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client accounts. Separate account managers selected by us are not required to, but may, participate in class action settlements on behalf of clients for the assets under their management.

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

Banyan Partners may or may not have authority for voting client securities (proxy voting), depending on the terms of the applicable client’s Investment Management Agreement. For those client accounts where Banyan has accepted proxy voting authority, Banyan will be responsible for the voting of all proxies related to securities held in those client accounts. We use a third party proxy voting service, Institutional Shareholder Services (ISS) to vote client proxies in accordance with one of its two adopted standard proxy voting guidelines. Clients may choose between U.S. Proxy Voting Policy Guidelines or Socially Responsible Investing Proxy Voting Guidelines.

Banyan may, but is not required to, authorize external separate account managers to vote any proxies relating to the sub-advised assets in accordance with the external separate account manager’s proxy voting policy.

Conflicts can arise when Banyan, an external separate account manager, any of their affiliates, or any of their employees has any financial, business or personal relationship with the issuer of a proxy proposal for a security held in a client’s account. To avoid potential conflicts of interest,

Banyan votes proxies in accordance with one of our predetermined guidelines. In limited situations, we may consider voting under our own initiative for a particular issue, if we believe that it is in the best interest of the client. Before we reclaim proxy voting authority from ISS, we will determine and confirm that no potential conflict of interest exists.

Prior to being acquired by Banyan, Silver Bridge, Rushmore and/or Holt-Smith may have voted proxies on behalf of their clients in a manner other than as described above. We maintain records in accordance with Rule 204 under the Advisers Act relating to proxy voting for securities in such client accounts of those companies that took place prior to being acquired by Banyan.

Such records include:

- A copy of the related policies and procedures
- Proxy statements received regarding client securities, which were satisfied by relying on the third party vendor contracted to provide voting services
- A record of each vote cast, which the third party vendor maintains on our behalf
- Each written client request for proxy voting records and our written response

A client may obtain the following information by submitting a request to Banyan Partners, LLC, Attn: Chief Compliance Officer, 11376 N. Jog Rd, Suite 101, Palm Beach Gardens, FL 33418 or by telephone at 561-630-4600:

- A copy of the Standard ISS Proxy Voting Manuals, which detail the policies and procedures for casting proxy votes; and
- Information about how the client's proxies were voted.

## **Item 18 – Financial Information**

SEC registered investment advisers are required to provide financial information for this item when (a) clients are required to pre-pay fees of \$1,200 or more, six (6) months in advance, or (b) the adviser is subject to any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients.

This item is currently not applicable to Banyan.