

Wrap Fee Program Brochure

April 1, 2014

Eastport Advisors Investment Management Program

Sponsored By

EASTPORT ADVISORS, LLC

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Annapolis, Maryland 21403

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This brochure provides information about the qualifications and business practices of Eastport Advisors, LLC (hereinafter "Eastport Advisors" or the "Firm"). If you have any questions about the contents of this brochure, please contact David T. Rhodes at (410) 267-6626. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. Additional information about Eastport Advisors is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Eastport Advisors is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Eastport Advisors is required to discuss any material changes that have been made to the brochure since the last annual amendment. On November 5, 2013, the Firm was acquired by its current Principal, David T. Rhodes, and therefore substantially all sections within this brochure have been amended to reflect Eastport Advisors' new business operations.

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Item 4. Services, Fees and Compensation

The Eastport Advisors Investment Management Program (the “Program”) is an investment advisory program sponsored by Eastport Advisors, a registered investment adviser that began offering investment advisory services in November 2013.

As of January 5, 2014, Eastport had \$36,252,000 assets under management all managed on a discretionary basis. While this brochure generally describes the business of Eastport Advisors, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Eastport Advisors’ behalf and is subject to the Firm’s supervision or control.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. Prior to receiving services through the Program, clients are required to enter into a written agreement with Eastport Advisors setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). Clients must also open a new securities brokerage account and complete a new account agreement with Fidelity Institutional Wealth Services (“*Fidelity*”) or another broker-dealer Eastport Advisors approves under the Program (collectively “*Financial Institutions*”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, Eastport Advisors assists its clients in developing an appropriate strategy for managing their assets. Eastport Advisors generally manages client investment portfolios on a discretionary basis by allocating assets among the types of securities described further in Item 6 (below).

Fees for Participation in the Program

Investment management services are offered through the Program on a fee basis, meaning that clients pay a single annualized fee based upon assets under management. Eastport Advisors’ asset based fee generally varies between 25 and 100 basis points (1.00% – 0.25%) in accordance with the following fee schedule:

PORTFOLIO VALUE	ANNUAL FEE
First \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.50%
Above \$5,000,000	0.25%

This fee is prorated and billed monthly, in advance, and calculated using the market value of the assets being managed by Eastport Advisors under Program on the last day of the previous month. If are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to account for the interim change in portfolio value. For the initial term of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final month is prorated through the effective date of the termination and the remaining balance is refunded to the client, as appropriate.

Fee Comparison

A portion of the fees paid to Eastport Advisors are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

Eastport Advisors, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Fee Debit

The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize Eastport Advisors to debit its clients' accounts for the amount of the Program fee and to directly remit that fee to Eastport Advisors. Any *Financial Institutions* recommended by Eastport Advisors have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount of Program fees paid directly to Eastport Advisors. Where required by applicable state securities laws, Eastport Advisors also sends to clients an invoice detailing the amounts debited from their accounts for payment of the Firm's management fee.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Eastport Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Eastport Advisors, subject to the

usual and customary securities settlement procedures. However, Eastport Advisors designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Eastport Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Other Charges

Clients may incur certain charges imposed by third parties in addition to the Program fee. These additional charges may include fees and expenses imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Compensation for Recommending the Program

Eastport Advisors has no arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

Account Requirements

Eastport Advisors does not impose a stated minimum fee or minimum portfolio value for participation in the Program.

Types of Clients

Services through the Program are generally offered to individuals, trusts and estates.

Item 6. Portfolio Manager Selection and Evaluation

Eastport Advisors acts as the sponsor and sole portfolio manager under the Program.

Portfolio Management

Eastport Advisors manages client investment portfolios on a discretionary or non-discretionary basis. In so doing, Eastport Advisors primarily allocates assets among various bonds, dividend-paying stocks, exchange-traded funds ("ETFs"), mutual funds, closed-end funds, options, real estate investment trusts ("REITs"), master limited partnerships ("MLPs"), and other types of securities in accordance with its

clients' individual investment objectives. Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Eastport Advisors tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Eastport Advisors consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Eastport Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Eastport Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Performance Fees and Side-By-Side Management

Eastport Advisors does not manage any accounts for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis and Investment Strategies

Eastport Advisors relies upon a largely fundamental analytical approach and employs a strategy designed primarily to grow income for retirees using the types of securities described above.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Eastport Advisors, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Market Risks

The profitability of a significant portion of Eastport Advisors' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Eastport Advisors will be able to predict those price movements accurately.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Real Estate Investment Trusts (REITs)

Eastport Advisors may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks

associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

Master Limited Partnerships (MLPs)

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held.

Voting of Client Securities

Eastport Advisors does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the telephone number listed on the cover page with questions about any such issuer solicitations.

Item 7. Client Information Provided to Portfolio Managers

In this Item, Eastport Advisors is required to describe the type and frequency of the information it communicates to any outside managers managing its clients' investment portfolios. Eastport Advisors acts as the sole portfolio manager under the Program and, as such, the Firm has no information to disclose in relation to this Item.

Item 8. Client Contact with Portfolio Managers

In this Item, Eastport Advisors is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with Eastport Advisors, which acts as the sole portfolio manager under the Program.

Item 9. Additional Information

Disciplinary Information

Eastport Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Other Financial Industry Activities and Affiliations

Eastport Advisors is not engaged in any other financial industry activities and does not have any affiliations that are otherwise material to the Firm's advisory business.

Code of Ethics

Eastport Advisors has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. Eastport Advisors's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Eastport Advisors' personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Eastport Advisors *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase

agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Eastport Advisors to request a copy of its *Code of Ethics*.

Account Reviews

Eastport Advisors monitors its clients' investment portfolios on a continuous and ongoing basis, and conducts regular account reviews at least quarterly. Such reviews are conducted by the Principal of the Firm, David T. Rhodes. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Eastport Advisors and to keep Eastport Advisors informed of any changes thereto. Eastport Advisors contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and summary account statements directly from the *Financial Institutions*. From time-to-time, clients in the Program may also receive reports from Eastport Advisors that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance. Clients should compare any supplemental reports they receive from Eastport Advisors with the account statements they receive from the *Financial Institutions*.

Client Referrals

Eastport Advisors does not compensate any unaffiliated third-party for referring clients to the Program.

Receipt of Economic Benefit

Eastport Advisors has arrangements in place whereby the Firm receives an economic benefit from a third party, such as *Fidelity*, in connection with the advice it provides to clients participating in the Program. *Fidelity* may provide the Firm with computer software and related systems support, which allow Eastport Advisors to better monitor client accounts maintained at *Fidelity*. Eastport Advisors may receive the software and related support without cost because Eastport Advisors renders investment management services to clients that maintain assets at *Fidelity*. The software and related systems support may benefit Eastport Advisors, but not its clients directly. In fulfilling its duties to its clients, Eastport Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Eastport Advisors' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Eastport Advisors' choice of one broker-dealer over another that does not furnish similar software, systems support, or services.

Specifically, Eastport Advisors may receive the following benefits from *Fidelity*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. .

Financial Information

Eastport Advisors is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 10. Requirements for State Registered Investment Advisers

Principal Executive Officer and Management Person

DAVID T. RHODES

Born 1947

Post-Secondary Education

University of Maryland, College Park | B.S., Finance | 1973

University of Maryland, College Park | B.A., International Relations | 1969

Recent Business Background

Eastport Advisors, LLC | Principal & Financial Advisor | November 2013 – Present

Wells Fargo Advisors, LLC | Financial Advisor | May 2009 – October 2013

Wachovia Securities, LLC | Financial Advisor | January 2008 – May 2009

A.G. Edwards & Sons, Inc. | Financial Advisor | May 1994 – January 2008

None of the *Supervised Persons* of Eastport Advisors are compensated for advisory services with performance-based fees. In addition, neither Eastport Advisors nor its management persons have been the subject of the type of disciplinary event required to be disclosed in response to this Item. Neither

Eastport Advisors nor any of its *Supervised Persons* maintain a relationship or arrangement with any issuers of securities.

EASTPORT ADVISORS, LLC

a Registered Investment Adviser

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Prepared by:

