



Investment Advisors, Inc.

Form ADV Part 2A
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This brochure provides information about the qualifications and business practices of 1620 Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (508) 830-4778 or tjohnston@1620ia.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about 1620 Investment Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

1620 Investment Advisors, Inc. is a registered investment advisor and is independently owned and operated. 1620 Investment Advisors, Inc. does not represent/is not affiliated with any investment firm, trust company or bank. Registration of an Investment Advisor does not imply a certain level of skill or training

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Item 2 - Material Changes

Assets under management increased in 2014 – see [Item 4](#).

Verbiage added to Items 4,5,6,8,12 &13 to describe/explain these subjects in greater detail.

Currently our Brochure may be requested by contacting us at (508) 830-4778.

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Item 4 – Advisory Business

1620 Investment Advisors, Inc. provides the following services:

- **Investment Management:** Stock, Bond, Exchange-Traded Fund and Mutual Fund selection either in all or in part. Asset allocation decisions may also be part of this service.
- **Sub-Advisory:** Provided to other investment managers from time to time.
- **Research Services:** In the past, we have provided investment research and maintained a model portfolio for a trustee in Boston, MA. Occasionally, we provide real estate research to other investment advisors.
- **Consultations:** Employees may have consultations regarding educational and strategic matters with persons who do not have accounts managed by 1620. These duties are performed at an hourly rate.
- **401k Consulting:** Provided primarily to existing clients who desire an improved solution to their retirement plan needs. 1620 provides selection and research of mutual funds in the retirement plan as well as ongoing investment education to the employees of the business that hires 1620 Investment Advisors, Inc. Although 1620 is not involved in the purchase or sale of these investments, unless there is an investment contract in place, 1620 will make recommendations to the plan sponsor and/or fiduciary as to what mutual funds should be included as 401k plan options. The plan sponsor that hires us would also hire a third party administrator and record keeper for their retirement plan. 1620 may aid in this decision-making process.

As of 12/31/14, 1620 Investment Advisors, Inc. has approximately \$107 million.

Item 5 – Fees and Compensation

The following standard fee schedules are broken down by type of service.

(1) **Investment Management:**

<u>Asset Level</u>	<u>Balanced Accounts</u>	<u>Fixed Income</u>
\$ 225,000 to \$ 2,999,999	.85%	.50%
\$ 3,000,000 to \$ 9,999,999	.65%	.40%
\$10,000,000 to \$19,999,999	.55%	.30%
\$20,000,000 and above	.50%	.25%

Note: Fees are billed quarterly, in arrears. Quoted fees listed above are annual percentages. Some accounts that were acquired in 2004 are billed quarterly, in advance, in keeping with their prior fee payment methods and may have different fee schedules. Fees are prorated for accounts in existence for only a partial time period during the initial quarter.

In addition to investment management fees paid to 1620 Investment Advisors, clients we deem better suited to mutual fund investing will also pay a fee to the underlying mutual fund company (expense ratio) in which their money is invested. This fee is related to the cost of having professional management for the fund and possible other costs such as administrative, legal, compliance and marketing. The fee being paid to us is to research and select the funds, monitor the funds, and make asset-allocation decisions.

In general, certain long-standing clients were subject to 1620's minimum account requirements and advisory fees that were in effect at the time the client entered into an advisory relationship with 1620. Therefore, 1620's minimum account requirements and advisory fees may differ among clients. Family members and personal acquaintances may also receive a discounted rate. In certain circumstances, fees and account minimums may be negotiable.

Similar advisory services may/may not be available from other registered investment advisors for similar or lower fees.

- (2) **Sub-Advisory:** These fees are negotiable based on the level of duties required of 1620 investment Advisors, Inc. Components of the fee may include research, trading, client service and marketing. The extent to which 1620 Investment Advisors participates in each of these tasks determines the fee level. Sub-advisory fees have historically been in the range of .50% to .60% per annum.

- (3) **Research Services:** These services are provided on a flat fee basis. The equivalent value of the fee is roughly .08% to .10% of the value of the assets, as we do not execute trades and rarely perform direct client service. This fee is generally a negotiated rate.
- (4) **Consultations:** Performed on an hourly basis at a rate of \$75 to \$175 per hour depending on the complexity of the issues discussed. **Note:** Existing investment management clients pay no separate fee for their occasional consultations.
- (5) **401K Mutual Fund Selection and Education:**

<u>Asset Level</u>	<u>Fee Per Level</u>
Up to \$3,000,000	.30%
\$3,000,000 and up	.15%

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

1620 Investment Advisors, Inc. historically has not charged performance-related fees.

1620 Investment Advisors, Inc. does not have custody of client assets. Our custodians have been Charles Schwab, Fidelity, Bank of America and TD Ameritrade. We typically recommend, request, or require that clients maintain custody of their accounts at one of these locations. In some cases, clients may be able to purchase mutual funds, ETF's, stocks or bonds at lower prices, or with lower expenses, at other broker/dealers.

Item 7 – Types of Clients

1620 Investment Advisors, Inc. provides the services mentioned in Item 4 to individuals, individual retirement accounts, families, businesses, pension and profit sharing plans, trusts, estates, and charitable organizations.

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

When a client first asks us to be their advisor, our initial objective is to define their long-term investment goals and objectives, current expenses and income, tax status, and risk tolerance. All of these items are crucial in determining the right risk-adjusted portfolio for them. No two clients are the same, and we customize their investments accordingly. We often set up initial "what if" scenarios based upon a 15-20 year time horizon and certain savings levels as well as investment return levels. This gives the client a "road

map” regarding what needs to happen to have a successful retirement. Client asset allocations are derived from this data, as well as by utilizing client risk tolerance and income need information. We will often discuss client insurance needs and estate planning tools if necessary, but we do not offer these services internally, rather we refer them to those who are experts in these respective fields.

1620 Investment Advisors, Inc. uses fundamental, technical and quantitative (computerized) techniques in its investment process. The quantitative process utilizes data from various vendors encompassing pricing and earnings estimates, as well as balance sheet and income statement data. We have access to data that can be updated daily. 1620 Investment Advisors, Inc. has devised a process which utilizes four key value and four key growth factors for a rigorous computerized screening process. We believe that this quantitative process helps our portfolio managers and analysts avoid emotionalism in the investment process. This quantitative process is the primary screening tool prior to applying fundamental analysis on the companies that successfully pass the screen.

Fundamental analysis is applied to those companies that pass our quantitative (computerized) screening process. Our research analysts/portfolio managers are each responsible for certain sectors or types of companies. We expect these researchers to be experts on their various sectors. The items we look for during the fundamental analysis include, but are not limited to, the following: management track record, quality of product, ownership by management, inventory levels, competitive landscape in their industry and exposure to economic cycles.

As for the bond portfolio process, our first step is to determine what classes of fixed income to incorporate into the portfolio. For example, it may be suitable to use tax-exempt bonds in a taxable account owned by a client with a high marginal tax bracket. Once the allocation is determined, we look at the relative valuations of various fixed income segments including but not limited to Treasury, agency, corporate, international and inflation-protected bonds and preferred stocks. Based on these relative valuations, and our outlook for the economy and markets, we determine the weighting of each segment in the fixed income portfolio. Diversification of income sources is a key component of our bond investment process.

For all of our clients, we need to balance potential return with the risk of a certain outcome in the investment process. Diversification is the cornerstone to controlling risk. Through our quantitative processes, we are well aware of what the entire potential investable universe entails, and we will utilize this as our base case. Through our analysis, we will overweight and underweight certain areas of investment, but in a manner that is practical, and takes into account the potential that our strategies and expectations may be incorrect. Typical investments for our clients are focused on large cap U.S. stocks, midcap/smallcap U.S. stocks, large cap international stocks, and fixed income securities. Depending on client risk tolerance and valuations, we will also utilize publicly traded commercial real estate (REIT's), master limited partnerships (MLP's), non-traded REIT's, emerging markets stocks and bonds, developed international markets bonds, and high yield U.S. bonds. While we use individual U.S. stocks and bonds for clients where appropriate, we primarily use either mutual funds or exchange traded funds

(ETFs) for our international exposure. We may also use inverse ETF's as a hedging strategy.

In general we will execute block trades, which is the practice of combining more than one order, for more than one client, for shares of the same security. At times, though, we may not execute in this manner due to new contributions to an account or changes in client mandates. Due to this, a client may pay a different price for the same security transaction as another client.

The value of securities in the portfolio will go up and down. Consequently, the overall valuation of the account may decline and you could lose money. The stock market is subject to significant fluctuations in value as a result of political, economic, and market developments. If the stock market declines in value, the portfolio is likely to decline in value. Due to changes in the financial condition or prospects of specific companies, the individual stocks selected by 1620 may decline in value, causing the account to decline in value. Investments are not deposits in a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be important in your evaluation of 1620 Investment Advisors, Inc. or to the integrity of 1620 Investment Advisors, Inc. management.

1620 Investment Advisors, Inc. has no history of any disciplinary action.

Item 10 – Other Financial Industry Activities and Affiliations

1620 Investment Advisors, Inc. has no financial industry affiliations and does not practice any other financial industry activities other than what was described in [Item 4](#).

Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

1620 Investment Advisors, Inc. has adopted a Code of Ethics, pursuant to SEC rule 204A-1, to govern personal securities investment activities of affiliated persons and to ensure that such persons comply with applicable federal securities laws. Employees must adhere to the general principles of the Code, as well as comply with the specific

provisions of this Code. Compliance with this Code is a condition of employment/engagement with the Firm. All employees must acknowledge the Code of ethics. There are three key principles to this code.

(1) Interests of Clients are Paramount: The interests of clients come first. In any decision relating to personal investments, we must avoid serving our own interest ahead of clients' interest.

(2) Do not Take Inappropriate Advantage of our Relationship to Clients: We avoid situations (i.e., unusual investment opportunities, perquisites, acceptance of gifts of more than token value from persons seeking to do business with the Firm) that compromise, or call into question, the exercise of fully independent judgment in the interests of clients.

(3) Securities Transactions Should Avoid Conflicts of Interest: Although all personal securities transactions by Covered Personnel must be conducted in a manner consistent with this Code, the Code itself is based upon the premise that employees owe a fiduciary duty to clients and should avoid activity that creates a conflict of interest. This includes executing transactions through, or for the benefit of, a third-party when the transaction is not in keeping with the general principles of this Code. Technical compliance with the Code will not automatically prevent scrutiny of trades that may otherwise conflict with the interests of clients.

In no event will employees effect transactions in their own account ahead of, or to the disadvantage of, a managed account client.

All information provided by clients to 1620 Investment Advisors, Inc., as well as information and advice furnished by 1620 to clients, shall be treated as confidential and not disclosed to non-affiliated third parties, except as permitted by clients or as required by a rule, regulation or Law of any regulatory or self-regulatory organization to which 1620 Investment Advisors, Inc. or its associated persons may be subject.

Note: A copy of 1620 Investment Advisors, Inc. Code of Ethics will be provided to any client, or prospective client, upon request.

Item 12 – Brokerage Practices

The factors used in selecting a broker are based on custodianship, ease of trade execution, reliability of execution, technological skills, financial stability, and any research that may be provided by that broker. The majority of the firm's trading is executed with the brokers that have custody of our clients' assets (i.e. Charles Schwab, Fidelity, TD Ameritrade). As all of these brokers are discount brokers, we are satisfied that their commission levels are competitive given the levels of research they provide. While it

would be impossible to utilize an endless number of brokers as custodians in terms of trading for our clients, we feel that the custodians we use represent high quality companies with competitive commission rates.

For those clients' whose assets are custodied at Bank of America, we do have discretion in selecting a broker. Factors in selecting a broker for these clients include price per share, research provided by the broker, and the broker's track record in providing best trade execution. For these accounts we primarily execute trades through some of the larger brokers in the United States, including Barclays, Steifel Nicolaus, and Credit Suisse.

Commission rates when using these brokers are as follows:

<u>Price Per Share</u>	<u>Commission Rate</u>
Less than \$10/sh	\$.05/share
\$10 - \$20/sh	\$.07/share
\$20.01 - \$30/sh	\$.08/share
Over \$30/sh	\$.10/share

The only exception to this schedule may be preferred stocks, which tend to be less liquid, or exchange traded funds (ETF's), which are somewhat more basic to trade.

This commission schedule is designed to maintain greater consistency of trading costs as a percentage of the dollar value of the transaction. In some instances, commissions, as a percentage of the trade, may be higher than with our other custodians.

Note: We do not use any brokers in exchange for client referrals.

Item 13 – Review of Accounts

Michelle Johnston, Office Manager, and Todd Johnston, Portfolio Manager, will review accounts monthly for accuracy of performance. In addition, Michelle will review positions daily, weekly and monthly for corporate actions, security positions and cash held (i.e. a reconciliation of our internal accounting system vs. what the custodian has for totals). All of our investment managers monitor their accounts on a regular basis in terms of portfolio management/risk control.

Clients receive monthly statements from either their custodial bank or brokerage firm (whoever holds custody of assets). Client quarterly statements printed off our portfolio

accounting system providing information on asset allocation, performance and security positions reconciled against bank/brokerage statements will be provided by the following:

Todd Johnston	Portfolio Manager
William Benjes Jr.	Portfolio Manager
Susan Rourke	Portfolio Manager

Each manager is responsible for certain accounts and will send quarterly reports that include a summary, written by the manager, of what transpired in most major markets during the most recent quarter and an assessment of what went well in the portfolios and what went poorly. 1620 Investment Advisors, Inc. maintains ongoing services which may involve advice on income, cash flow management, retirement, financial independence, college funding, estate planning, investment portfolio issues, tax saving strategies, and risk management. The advice given may include the recommendation of annual reviews/updates.

Item 14 – Client Referrals and Other Compensation

We have not directly, or indirectly, compensated external people for client referrals, nor are we compensated by external persons. We do compensate some of our employees via revenue sharing for accounts referred to the firm by those employees.

Item 15 – Custody

1620 Investment Advisors, Inc. does not have custody of any client assets.

Item 16 – Investment Discretion

Over 99% of the clients of 1620 Investment Advisors, Inc. are discretionary, in which we determine what is bought and sold in the accounts. Under this discretionary arrangement, the firm has complete authority over the selection, buying, selling and amount of securities without obtaining specific client consent as long as such activity is consistent with the investment guidelines that the client and 1620 Investment Advisors, Inc., together, have placed on the management of the account assets.

Item 17 – Voting Client Securities

Upon signing an investment management contract with 1620 Investment Advisors, Inc., the client chooses whether they would like to be personally responsible for voting proxies, or they would like the firm to do the voting on their behalf. The majority of our Clients' choose to have us perform the proxy voting. When this is the case, the proxy is

given to the manager/analyst that follows that particular company/industry to vote issues in accordance with 1620's policies. If a client chooses to do the voting on their own, 1620

Investment Advisors, Inc. is willing to provide advice regarding individual proxy questions.

Further information regarding the proxy voting policies and proxy voting record of 1620 Investment Advisors, Inc. is available upon request.

Item 18 – Financial Information

In this item, registered investment advisors are required to provide you with certain financial information or disclosures about financial condition. 1620 Investment Advisors, Inc. has no financial commitment that impairs its ability to meet contractual or fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

At this time, we are an SEC-registered advisor, not a state-registered advisor.