

## **Item 1 Cover Page**

Arboretum Advisors LLC  
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June 22, 2018

**This brochure provides information about the qualifications and business practices of Arboretum Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 617-848-3410. 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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Arboretum Advisors LLC also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.**

## **Item 2 Material Changes**

This is a new brochure.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was June 22, 2018.

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#### Brochure

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#### **Item 4 Advisory Business**

Arboretum Advisors LLC is a new registered investment advisor firm with a registration pending with the U. S. Securities and Exchange Commission (“SEC”).

The principal owner of Arboretum Advisors LLC is David L. Beatty, Owner.

##### Advisory Services

Arboretum Advisors LLC’s (“Arboretum” or “Advisor”) principal service is managing domestic, international, and global equity portfolios for high-net worth individuals, institutions, and intermediaries such as wealth managers, consultants and family offices. In addition, the Company advises a very limited number of individual clients on asset allocation and fund selection.

Arboretum creates customized long equity separately managed portfolios for individuals and institutions. In creating such portfolios, Arboretum uses quantitative models and tools in seeking to incorporate client specifications for benchmark, factor tilts, Socially Responsible Investing (“SRI”) values (e.g., faith based), and tax management, and in offering clients the ability to customize their portfolios to meet specific requirements such as holding restrictions, industry limitations, market exposure, situation-appropriate tax needs, and risk factor tilts. Benchmarks include broad market equity indexes representing domestic and/or foreign companies. Once a client has selected an investment strategy and benchmark, Arboretum provides supervision and management of the assets. Clients are responsible for informing Arboretum of any changes to their investment objectives, individual needs and/or restrictions.

##### Selection of Other Advisors

Arboretum may recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, Arboretum will enter into an advisory agreement with the third-party money manager authorizing them to assist in managing the relevant client accounts to their investment strategy on a discretionary basis and performing ongoing monitoring of the client accounts. In consideration for such, the third-party money manager will receive an investment advisory fee that will be paid out of the investment advisory fee the client pays to Arboretum and the client will not make separate payments to the third-party money manager.

Arboretum will ensure that all third-party money managers recommended to clients will be either an investment advisor registered with the U. S. Securities and Exchange Commission, the appropriate state securities regulators, or exempt from such registrations. The client will be provided with that manager’s Brochure.

##### Investment Screening Services

Arboretum will provide Socially Responsible Investment screening as a research service to other investment advisors and institutions. The results of these services may be used by the other investment advisors and institutions to help manage their clients’ portfolios. Arboretum will not be involved in the management of those accounts.

Arboretum will tailor its advisory services to its client’s individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain

securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

Arboretum does not provide portfolio management services to wrap fee programs.

As of the approval date of the firm, Arboretum had no clients and therefore no client assets under management.

## **Item 5 Fees and Compensation**

### Institutional Investment Advisory Fees

Pursuant to an investment advisory agreement signed by each institutional client, such as institutions, intermediaries, wealth managers, and consultants, the client will pay Arboretum an annual advisory fee payable quarterly in advance, based on the amount of the assets under advisement by the Advisor measured as of the close of business on the last business day of the prior quarter. If a client qualifies for the minimum annual fee, one-quarter of the fee will be paid in advance at the beginning of each quarter. Fees for the first quarter will be prorated from the date the account is opened to the end of the quarter. The minimum annual fee is \$100,000 and the advisory fee rate is 0.35% annually. This fee is negotiable at the sole discretion of the Advisor depending on factors such as the size of the relationship and complexity of the strategies employed. Institutional clients will be invoiced by the Advisor at the beginning of each quarter and the fee is due upon receipt of the invoice.

### Retail Investment Advisory Fees

Pursuant to an investment advisory agreement signed by each client, the client will pay Arboretum an annual advisory fee payable quarterly in advance, based on the amount of the assets under advisement by the Advisor measured as of the close of business on the last business day of the prior quarter. If a client qualifies for the minimum annual fee, one-quarter of the fee will be paid in advance at the beginning of each quarter. Fees for the first quarter will be prorated from the date the account is opened to the end of the quarter. The minimum annual fee is \$2,000 and the advisory fee rate is 0.85% annually. This fee is negotiable at the sole discretion of the Advisor depending on factors such as the size of the relationship and complexity of the strategies employed. Where practicable, Advisory fees will be directly deducted from the client account on a quarterly basis by the qualified custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement at least quarterly to the client. Where direct deduction is not practical, Client will be sent an invoice at the beginning of each quarter and the fee is due upon receipt.

### Investment Screening Service Fees

Investment Screening services will be provided as part of the Institutional and Retail fees described above.

All fees paid to Arboretum for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses.

At no time will Arboretum accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisors fee is separate and distinct from the custodian and execution fees.

Clients may request to terminate their advisory contract with Arboretum in whole or in part, by providing thirty days' written advance notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to client. Client's advisory agreement with the Advisor is nontransferable without Client's consent.

Neither Arboretum nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Item 6 Performance-Based Fees and Side-by-Side Management**

Arboretum does not charge performance-based fees.

### **Item 7 Types of Clients**

The Advisor will offer its services to individuals, trusts, estates, charitable organizations, corporations and other business entities, and other investment advisors.

While the Advisor does not require a minimum account size for opening and maintaining an account, the minimum fee for services for institutional clients is \$100,000 per year and for retail investment advisory clients is \$2,000. However, as noted in Item 5, the Advisor's fees are negotiable.

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

When managing client portfolios, Arboretum acts as a manager of managers. Arboretum actively develops the overall investment strategy and asset allocation on behalf of clients, and then hires money managers to implement the strategies rather than directly selecting stocks or other securities itself. Arboretum builds client portfolios that are broadly diversified across global asset classes with diverse types of managers, investments structures and instruments. These money managers may be in the form of mutual funds or ETFs, or separately managed accounts or hedge funds managed directly by the money manager. Some of the individual managers and strategies may be aggressive and some conservative. It is Arboretum's duty to assemble the various portfolio components so that the overall portfolio is consistent with the client's needs as described in their Investment Policy Statement or by other agreement with the client.

Arboretum's approach is generally fundamental and long-term, while also attentive to changes in relative valuations that provide opportunities for tactical shifts in order to manage risk and enhance portfolio returns. Arboretum, through the managers it selects, implements portfolios through a great diversity of security types, including exchange listed securities, over-the-counter securities, foreign securities, warrants, corporate debt securities, CDs, municipal securities, mutual funds,

United States government securities, futures contracts and options in order to meet the investment objectives of the client. The underlying managers and investment advisors selected by Arboretum may use diverse techniques and approaches, including fundamental, technical, momentum, short-term, long-term, low-turnover, high-turnover, etc. Particularly in the area of diversifying strategies or private funds, managers selected by Arboretum may use diverse strategies and techniques, including relative value, arbitrage, trend-following, leverage, global macro, distressed, private equity, venture capital, managed futures, derivatives, long-short, etc. Arboretum seeks out the appropriate implementations for each asset class in order to manage risk and optimize the confidence of achieving client objectives.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

For any given client, Arboretum may employ a great variety of investment strategies as described above across various asset classes and these strategies may vary greatly in the type and magnitude of risks incurred. Although Arboretum is generally focused on fundamental value and on minimizing costs and tax consequences, particular parts of a portfolio may justify different approaches. Arboretum may employ a passive, low-turnover, low-cost, tax-efficient strategy in one part of a client portfolio while in another part Arboretum selects a manager that trades frequently, uses leverage, and incurs relatively high costs and high taxes. This is partly because different asset classes are suited to different strategies. These varied strategies taken together seek to achieve an appropriate risk-adjusted rate of return at the least risk after all fees, taxes and other costs in the client portfolio. Clients should be aware that their accounts will incur transaction and administrative costs. These are not only disclosed to the client, but they are discussed so that the client can have perspective about their appropriateness.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

The Advisor does not primarily recommend a particular type of security. However, clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

## **Item 9 Disciplinary Information**

Neither Arboretum nor its management persons have had any legal or disciplinary events, currently or in the past.

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

Neither Arboretum nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Arboretum nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Arboretum does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund), or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Arboretum is under common control with Daintree Advisors LLC due to the ownership of both firms by David L. Beatty, Owner. Certain management persons of Daintree Advisors LLC provide services to Arboretum under an administrative services agreement. Arboretum will provide investment management and screening research services for Daintree Advisors LLC under a commercial agreement. Those services are paid by Daintree Advisors LLC and not Daintree’s clients. Generally, clients of Daintree Advisors LLC will not be clients of Arboretum outside of the above-mentioned arrangement. In the event that Arboretum and Daintree provide advisory services directly to the same clients, it is the fiduciary duty of Arboretum and Daintree to disclose all of the fees being charged to the client prior to any services being provided and to not charge fees for the same services from both companies. Arboretum and Daintree will monitor arrangements with common clients to ensure these conflicts are avoided.

Mr. Beatty is also a minority investor in Inspire Impact Group, LLC, which owns a registered investment advisor, CWM Advisors, LLC, d/b/a Inspire. Mr. Beatty serves on the Board of Inspire



Impact Group, LLC. Inspire Impact Group, LLC provides portfolio screening services to both Arboretum and Daintree. The fees for such services are paid by Arboretum or Daintree and not their respective clients, so there is no conflict of interest concerning multiple fees. In addition Arboretum and Daintree clients are not clients of CWM Advisors, LLC.

Arboretum does recommend or select other investment advisors for clients. For more specific detail see the response to 4 above.

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

Arboretum is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Arboretum has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Arboretum deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Arboretum are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Arboretum collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Arboretum will provide a copy of the Code of Ethics to any client or prospective client upon request.

Arboretum and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. Arboretum and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own.

Arboretum requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

#### **Item 12 Brokerage Practices**

If requested by the client, Arboretum may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Arboretum will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Arboretum does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

Arboretum does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Arboretum does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer.

Arboretum does not permit clients to direct brokerage.

Arboretum may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g., for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Arboretum's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Arboretum may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Item 13 Review of Accounts**

Arboretum monitors client accounts on an ongoing basis for consistency with investment strategies/objectives, cash, and loss-harvesting potential. Accounts are rebalanced at least annually to take advantage of tax-loss harvesting opportunities, reduce tracking error, or to realign the portfolio to its target exposures. The review is conducted by the Chief Investment Officer or designee. Accounts also are reviewed upon a change in client circumstances. Triggering factors may include Arboretum becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts. Arboretum does not deliver separate client statements.

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

Arboretum is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Arboretum does not directly or indirectly compensate any person who is not a supervised person for client referrals.

### **Item 15 Custody**

Arboretum does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts. However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

### **Item 16 Investment Discretion**

Arboretum generally has discretion over the selection and amount of securities to be bought or sold in client accounts, or the selection of third-party money managers that will carry out such investment activities, without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales, and selection of third-party money managers, are subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Arboretum.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Arboretum will be in accordance with each client's investment objectives and goals.

### **Item 17 Voting Client Securities**

Arboretum will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, Arboretum cannot give any advice or take any action with respect to the voting of these proxies. The client and Arboretum agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

### **Item 18 Financial Information**

Arboretum does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Arboretum has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Arboretum does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Arboretum has never been subject to a bankruptcy petition.