

**Part 2A of Form ADV:  
Firm Brochure**

**Wellesley Investment Partners, LLC**

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This brochure provides information about the qualifications and business practices of Wellesley Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 781-431-1325 or [info@wellesleyinvestmentpartners.com](mailto:info@wellesleyinvestmentpartners.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Wellesley Investment Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 144984.

## **Item 2 Material Changes**

This Firm Brochure provides the client ("you") with a summary of Wellesley Investment Partners, LLC's ("WIP", the "Firm", "we") advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item 2 is used to provide our clients with a summary of the material changes that have been made to this Firm Brochure since the last annual update of this Brochure.

The last annual update of this Brochure was dated March 29, 2018. Since then, there have been no material changes to this Brochure.

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## Item 4 Advisory Business

Wellesley Investment Partners, LLC is an SEC-registered investment adviser with its principal place of business located in Massachusetts. WIP began conducting business in 2007. While referring to WIP as a Registered Investment Advisor, our registration as such does not imply a certain level of skill or training.

Listed below are the Firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Wellesley Bank, Owner

### TYPES OF ADVISORY SERVICES OFFERED

Wellesley Investment Partners manages investments for clients using multiple investment approaches, including: 1. Global Asset Allocation; 2. Individual Equity or Fixed Income Portfolio Management; and 3. General Investment Advice. Sometimes we will use a combination of these approaches to arrive at a client's desired investment portfolio. The investment approach chosen by clients generally depends on their personal situation and investment goals, their investment experience, preferences, tolerance for risk and the kind of existing investment portfolio they bring to us to manage.

#### 1. Global Asset Allocation (GAA) Strategies

The Firm's Global Asset Allocation strategies provide clients with a broadly diversified investment portfolio which may offer exposure to a combination of U.S. and international equities (stocks) and fixed income (bonds and shorter-term debt instruments), real estate investment trusts (REITs), commodities, precious metals, multiple currencies, cash-equivalent securities and other investments. Each investment strategy is implemented primarily using exchange-traded products (ETFs and ETNs) and ranges in risk along a targeted risk spectrum from a conservative allocation to an aggressive allocation. The strategies are dynamic in nature, meaning that the Firm over- and under-weights asset classes based on its view of the greatest opportunities and risks across the global capital markets. However, the allocation ranges for each asset class are limited to a predetermined range. We combine research from external providers with our own internal analysis to determine our investment views on which we base our over- and under-weighting decisions.

The Firm also offers an Environmental, Social and Corporate Governance (ESG) overlay on its Global Asset Allocation strategies. These ESG strategies are allocated in a similar manner as the standard GAA strategies, but have been altered to maintain more socially responsible exposures.

#### 2. Individual Equity or Fixed Income Strategies

The Firm's individual equity and fixed income strategies provide clients with more focused exposure to a particular investment style. Each of the Firm's equity strategies selects from stocks that trade on a U.S. stock exchange and generally have a market capitalization in excess of \$1.5 billion. Each equity strategy is diversified and typically holds 50 individual issues. The Firm offers the following individual equity and individual fixed income strategies:

- **Dividend Growth Strategy** - This equity approach selects from companies that pay a current and growing dividend, with a history of financial stability. This strategy will have a dividend yield in excess of the Standard and Poor's 500 Index (S&P 500) with characteristics which we believe will result in a higher dividend growth rate than the S&P 500 in the future.

- **Dividend Growth Environmental, Social and Corporate Governance Strategy** - An overlay of the Dividend Growth strategy, this equity approach screens for companies with a demonstrated record of reducing the environmental impact of their business operations, and of maintaining responsible social and governance practices.
- **Breckinridge Fixed Income Strategies** - For clients who wish to hold a portfolio consisting exclusively of individual fixed income securities, WIP has entered into an agreement with Breckinridge Capital Advisors whereby Breckinridge will subadvise accounts for WIP clients.

WIP also constructs individual fixed income portfolios. Each fixed income portfolio is constructed to meet the client's liquidity needs while accounting for the client's risk tolerance. The Firm's view on current credit conditions and outlook for future interest rate moves factors into selection of individual fixed income issues and the overall construction of the client's fixed income portfolio.

### 3. General Investment Advice

Wellesley Investment Partners may provide individual portfolio management or advice for those clients who do not want all of their assets managed in one or more of the Firm's Global Asset Allocation Strategies or in our Individual Equity or Fixed Income Strategies. This form of investment management service typically occurs in the context of a client wanting to maintain ownership of existing securities transferred to WIP.

Our investment advice is not limited to any specific product or service offered by a broker-dealer, investment adviser or insurance company and may include advice regarding a wide range of securities, potentially including:

- Exchange-traded products (ETFs and ETNs)
- U.S. and non-U.S. stocks
- U.S. and non-U.S. fixed income securities
- Real estate investment trusts (REITs)
- Mutual funds
- Closed-end funds
- Options
- Commodities and precious metals
- Currencies

### DETERMINING AND MAINTAINING INVESTMENT SUITABILITY

WIP employs a data gathering process which includes the use of an investment profile questionnaire to mutually determine with the client which investment strategy may be suitable given the client's circumstances. Through this process, we learn about the client's individual objectives, time horizons, risk tolerance, and liquidity needs.

WIP provides advice regarding the investment of client funds based on the client's individual needs. To ensure that our initial determination of an appropriate strategy remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, each client is contacted at least annually for a portfolio review. The aim of these conversations is to ascertain whether there have been any changes in the client's financial situation or investment objectives. The Firm permits clients to impose investment restrictions on the management of their accounts, and will honor any reasonable restrictions on investing in certain securities or types of securities imposed by the client.

## Newsletter and Market Commentary

WIP publishes a general market commentary which accompanies quarterly statements and which is also available on the Firm's website. No specific investment recommendations are made in this letter and the information provided does not purport to meet the objectives or needs of any individual. Communications of this type may be distributed more often than quarterly, based on events and developments that might affect client portfolios.

## AMOUNT OF REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2018, WIP managed \$409,922,660 of client assets, of which \$342,315,758 was managed on a discretionary basis, and \$67,606,902 was managed on a non-discretionary basis.

## Item 5 Fees and Compensation

### Management Fee Structure

Our annual fees for Global Asset Allocation Strategies, Individual Equity Strategies and General Investment Advice are based upon a percentage of assets under management according to the following schedule:

Assets Under Management	Annual Fee
First \$1,000,000	0.85%
Next \$1,000,000	0.54%
Next \$3,000,000	0.36%
Next \$15,000,000	0.34%
Over \$20,000,000	0.24%

For non-profit clients invested in our Global Asset Allocation, Individual Equity strategies or General Investment Advice we offer a discounted fee schedule:

Assets Under Management	Annual Fee
First \$1,000,000	0.50%
Next \$1,000,000	0.32%
Next \$3,000,000	0.21%
Next \$15,000,000	0.20%
Over \$20,000,000	0.14%

Our annual fees for Individual Fixed Income Strategies, including those subadvised by Breckinridge, are also based upon a percentage of assets under management according to the following schedule:

Assets Under Management	Annual Fee
First \$5,000,000	0.25%
Next \$5,000,000	0.225%
Over \$10,000,000	0.20%

For those clients with assets sub advised by Breckinridge, this fee schedule includes Breckinridge's management fee. Additional information regarding WIP's fee schedule can be found in the Firm's Investment Management Agreement.

WIP's fees are exclusive of brokerage commissions, transactions fees, and other related costs and expenses which shall be incurred by the client. Clients may be assessed certain charges imposed by custodians, brokers, third party investments, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and security transactions. Exchange-traded products (ETFs and ETNs), mutual funds and closed end funds also charge management fees which are disclosed in the fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to WIP's management fee and WIP shall not receive any portion of these commissions, fees, and costs. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Fees are billed quarterly, in arrears, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Fees are debited from the account in accordance with the client's authorization in our Investment Management Agreement. Fees for partial quarters will be prorated.

WIP imposes a minimum portfolio size of \$500,000 per client relationship. This may be negotiable under certain circumstances. WIP may group certain related client accounts for the purposes of achieving the minimum portfolio size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although WIP has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client circumstances and needs are considered in determining the fee schedule. These include the complexity of the client's financial situation, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and other factors. A client's fee may be higher or lower than the published fee schedule based on these factors and on the full range of services provided to the client. The annual fee is identified in the Investment Management Agreement between the advisor and each client.

WIP employees, WIP Advisory Board members, Wellesley Bank Employees, Wellesley Bank Directors and related accounts receive discounted fees.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client's Investment Management Agreement may be terminated, by either party, for any reason upon receipt of 30 days written notice. If the Investment Management Agreement is terminated, WIP's compensation shall be determined by the client's fee

schedule on the basis of the value of the portfolio assets on the date of termination, as though the date of termination were a quarterly valuation date, and shall be payable on a pro-rata basis for the last quarter during which WIP has served hereunder.

**ERISA Accounts:** WIP is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar, lower or higher fees.

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

Wellesley Investment Partners, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

WIP provides advisory services to the following types of clients:

- Individuals and families, including trusts and retirement accounts
- Corporations
- Charitable organizations and Foundations
- Pension and profit sharing plans

The Firm acts as adviser to its parent company, which is an FDIC-insured bank.

As previously disclosed in Item 5, WIP imposes a minimum portfolio size of \$500,000 per client relationship, though this minimum may be negotiable under certain circumstances.

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

### **METHODS OF ANALYSIS**

WIP offers a range of investment offerings. We utilize resources such as Bloomberg, Morningstar, Applied Finance Group, financial periodicals and publications, SEC filings and other publicly available information to assist in our analysis. We use these resources to analyze a broad range of factors which include economic, financial and geopolitical conditions, as well as investor sentiment readings.

WIP's Global Asset Allocation (GAA) strategies are broadly diversified across the global investment landscape. Economic conditions such as global interest rates and economic growth are considered. Market conditions such as valuation and investor sentiment are also factors in our analysis. We also consider factors such as demographic profiles and governmental fiscal policy. This analysis results in a combination of holdings meant to give clients a blend of global assets that meets their investment objectives. We use services such as Bloomberg and other publicly available resources to screen for and select the exchange-traded products (ETFs and ETNs) to build the Global Asset Allocation strategies.



For strategies composed of individual equities, analysis includes a review of company financial statements, business activities and industry trends. For income-oriented securities, an analysis is conducted which reviews the financial and operational capability for the company to pay dividends.

For individual fixed income securities, WIP considers the client's liquidity needs and WIP's view of the interest rate environment and credit conditions. We evaluate the operational wherewithal for the issuer to meet its credit payment obligations in the event of adverse economic and business conditions.

Note that despite our due diligence and research, our analysis may prove to be incorrect.

## **INVESTMENT STRATEGIES**

The investment strategy for a specific client is based upon initial and ongoing conversations with the client to meet the client's stated investment objectives. Wellesley Investment Partners uses a multitude of investment approaches to meet the client's needs and objectives. These approaches include:

### **1. Global Asset Allocation Strategies**

WIP offers Global Asset Allocation (GAA) strategies based on varying risk preferences. These strategies utilize publicly traded securities, primarily exchange-traded products (ETFs and ETNs) that provide exposure to global asset classes in a broadly diversified manner.

The risks inherent in WIP's Global Asset Allocation strategies include the following, which are discussed in more detail on the following pages:

- ETF and ETN risk
- Market risk
- Equity risk
- Fixed Income risk
- International Investment risk
- Inflation risk
- Currency risk
- Correlation risk
- Commodity risk
- High Yield risk
- Custodial risk
- Reliance on WIP Management

The Global Asset Allocation strategies include:

**Global Conservative:** The primary objective of the Global Conservative strategy is to reduce volatility through a conservative asset allocation with a high proportion of fixed income securities. Secondary goals include providing a stream of income while potentially keeping pace with inflation over time. This strategy may be appropriate for investors with an investment time frame of five (5) years or more who seek lower fluctuations in portfolio market values while maintaining some potential for capital appreciation.

**Global Moderate Growth:** The Global Moderate Growth strategy is designed to provide a moderate risk profile with a weighting toward fixed income securities relative to equities. The strategy is broadly diversified, both domestically and internationally, with the goal of generating moderate capital growth over the long term. This strategy may be suitable for investors with an intermediate term investment horizon of 5 - 7 years or more, who are able to withstand some fluctuation of market value.

**Global Growth:** The Global Growth strategy employs a moderately aggressive, globally diversified asset allocation with a weighting toward equities relative to fixed income and is intended to provide clients with the potential for capital growth over the long term. This strategy may be appropriate for investors who have a longer investment time frame of 7 - 10 years or more, a preference for capital growth and who can withstand significant fluctuations in market value.

**Global Aggressive Growth:** The Global Aggressive Growth strategy employs an aggressive, globally diversified asset allocation heavily weighted towards equities. This strategy may be appropriate for investors with a long investment time frame of ten (10) years or more, and who can withstand a high level of volatility.

**Global High Risk:** The Global High Risk strategy is the most heavily allocated to global equities of the WIP Global Asset Allocation strategies. This strategy may be appropriate for those investors who can tolerate the highest level of volatility and who have an investment time frame of 10 - 15 years or more.

**Global Asset Allocation Environmental, Social and Governance Strategies:** In addition to the five GAA strategies listed above, WIP also offers an ESG overlay for each. The Global Asset Allocation ESG strategies are similar to the standard strategies, but have been altered in several ways to maintain a more socially responsible allocation. To accomplish this, the U.S., international developed and international emerging market equity ETFs held in the standard strategies have been replaced with ESG equity ETFs. Though held in the standard GAA strategies, the GAA ESG strategies do not hold gold, and this allocation is instead distributed proportionately across the equity positions. Lastly, because the options for socially responsible fixed income ETFs are currently quite limited, the GAA ESG strategies hold exclusively treasury bonds. We will monitor the ETF landscape for developments and additional ESG offerings, and may adjust the GAA ESG allocation over time as new ETFs become available and better established.

## 2. Individual Equity Strategies

Wellesley Investment Partners constructs strategies using individual securities which results in a more targeted investment exposure to a particular investment style. Holdings of these strategies consist of companies that trade on a U.S. stock exchange (including ADRs).

The risks inherent in WIP's Individual Equity strategies include the following, which are discussed in more detail on the following pages:

- Market risk
- Business risk
- Equity risk
- International Investment risk
- Inflation risk
- Currency risk

- Risk related to Company Size
- Custodial risk
- Reliance on WIP Management

The Individual Equity Strategies include:

**Dividend Growth Strategy** - This equity approach selects from companies that pay a current and growing dividend. As a whole, this strategy has a dividend yield in excess of the S&P 500 which is expected to grow at a faster rate than the dividend yield of the S&P 500. This equity strategy may be appropriate for investors interested in income generated from their equity holdings with a long time frame of ten (10) years or more, and who can withstand a high level of portfolio volatility.

**Dividend Growth Environmental, Social and Governance (ESG) strategy** - An overlay of the Dividend Growth strategy, this equity approach utilizes an independent research firm, Sustainalytics, which assigns companies an ESG "score" ranging from 0 to 100. The higher the score assigned to the company, the more socially responsible it is deemed to be. Companies within WIP's Dividend Growth strategy that have a score less than 50 are not eligible for inclusion in the ESG strategy, and are instead replaced with companies with a higher score with similar attributes. This investment strategy is meant for investors who feel that a company has an obligation beyond profitability. As with the other equity strategies, the Dividend Growth ESG strategy is best suited for investors with a high tolerance for volatility and a long investment time frame of ten (10) years or more.

### 3. Individual Fixed Income Strategies

**Breckinridge Fixed Income Strategies** - For clients who wish to hold a portfolio consisting entirely of individual fixed income securities, WIP has entered into an agreement with Breckinridge Capital Advisors whereby Breckinridge will subadvise accounts for WIP clients. Breckinridge is a Registered Investment Advisor specializing in managing high-grade fixed income portfolios for institutions and private clients. The Firm offers a variety of fixed income strategies including tax-efficient, Government credit and sustainable options. WIP clients with over \$500,000 in assets to be invested in fixed income may utilize Breckinridge's strategies.

For clients seeking more specialized fixed income exposure in excess of \$1,000,000, we also offer individual bond portfolios managed by WIP. These individual bond portfolios can be tailored to meet a client's specific liquidity and investment needs. We may actively trade a bond portfolio to adjust the portfolio's duration or to address a credit concern of a particular issuer, but in general we will hold bonds to maturity.

The risks inherent in WIP's Fixed Income strategies include the following, which are discussed in more detail on following pages:

- Market risk
- Business risk
- Inflation risk
- Fixed Income risk
- Custodial risk
- Reliance on Breckinridge's or WIP's Management

#### 4. General Investment Advice

Wellesley Investment Partners may provide portfolio management or advice for clients who do not wish to have all of their assets managed in a Global Asset Allocation strategy, Individual Equity strategy or Individual Fixed Income strategy. This service typically occurs if a client wants to maintain legacy holdings transferred to WIP.

There are a wide variety of risks inherent in WIP's General Investment Advice including all those previously listed for WIP's other investment strategies. These risks are discussed in more detail on the following pages.

#### **RISK OF LOSS**

WIP's investment strategies have certain risks that are borne by the investor and could involve losses that clients should be prepared to bear. Risks faced by investors in WIP's strategies can include but are not limited to:

**ETF and ETN Risks:** Exchange-traded funds (ETFs) are professionally managed pooled vehicles that invest in securities in a variety of asset classes including equities, fixed income, commodities, derivatives and cash equivalents, among others. ETFs generally attempt to replicate the performance of a benchmark index, however there may be differences due to discrepancies in the weighting of securities or the number of securities held in the ETF compared to the index. While ETFs are generally diversified through holding many underlying securities of an asset class, they have the risk that the general level of the underlying security prices may decline, thereby adversely affecting the value of each unit of the ETF. A full disclosure of the risks specific to each individual ETF is located in the respective prospectus of each fund. Exchange-traded notes (ETNs) are structured products designed to track the performance of a specific index. Unlike ETFs, ETNs are exposed to the credit risk of the issuing entity. A full disclosure of the risks specific to each individual ETN can be found in the respective prospectus of each note.

**Market Risk:** Prices of securities may react to external factors which are independent of a security's particular circumstances or fundamental factors. For example, geopolitical and/or social events may trigger negative market reactions, potentially causing price declines.

**Business Risk:** Each company faces the risk of lower than anticipated profits which may harm the price of its publicly-traded securities. Business risk is influenced by numerous factors including sales volume, input costs, competition, and government regulation, among others.

**Fixed Income Risks:** A client may be invested in fixed income securities directly or through ETFs. A decline in the credit quality of the securities will generally cause their value to fall. Typically, when interest rates rise it causes fixed income security prices to decline. The longer the maturity or duration of the fixed income securities the more sensitive they are to movements in interest rates. Therefore, larger declines may be incurred in longer-term maturity securities when interest rates rise.

**International Investment Risks:** International investing involves certain risks that may be greater than those related to investing in U.S. securities including possible adverse political, social and economic developments, adverse fluctuations in foreign currency values, exchange control regulations, less developed and less efficient trading markets causing higher transaction costs and less liquidity, political instability and differing audit, legal, tax and financial reporting standards. Emerging market

securities tend to be more volatile with a higher risk of loss than those of developed non-U.S. securities as there are greater risks of political instability and market disruption, currency fluctuation, nationalization, expropriation and confiscation of assets of international issuers.

**Inflation Risk:** Inflation is the general rise in the price of goods which over time can erode purchasing power. In other words, inflation may cause a currency unit in the future to purchase less than a currency unit today.

**Currency Risk:** Non-U.S. investments are subject to fluctuations in foreign currency values as most international securities are priced in currencies other than the U.S. dollar.

**Correlation Risk:** Although the prices of equity and fixed income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in sharply declining markets the prices of many securities and asset classes may fall in tandem resulting in large declines, even in well diversified portfolios. This correlation risk can mitigate the benefits of diversification for an extended time period.

**Custodial Risks:** If the custodian chosen by the client were to go out of business then the client assets in the account may only be protected up to the Securities Investor Protection Corporation ("SIPC") limits for each distinct account registration.

**Reliance on WIP Management:** The success of WIP's investment strategies depends to a great extent on the investment skills of WIP, its officers and key personnel. Performance could be adversely affected if, due to illness or other factors, their services were not available for an extended period of time or permanently. WIP uses its investment and risk analyses in making investment decisions and recommendations for its clients, but there can be no assurance they will produce the desired results.

**Equity Risks:** Strategies utilizing equity securities are subject to the risk that stock prices may fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility and the possibility of substantial permanent loss.

**Risks Related to Company Size:** WIP strategies may invest directly and via ETFs in small-capitalization and mid-capitalization stocks, which are often more volatile and less liquid than investments in larger company stocks. The frequency and volume of trading in securities of smaller and mid-size companies may be substantially less than is typical of larger companies. Therefore, the securities of smaller and mid-size companies as well as ETFs composed of such companies may be subject to greater and more abrupt price fluctuations. In addition, smaller and mid-size companies may lack the management depth, financial resources and product diversification of larger companies, making them more susceptible to market pressures and business failure.

**Commodities Risks:** Commodities involve risks that may differ from stocks and fixed income such as weather conditions, worldwide supply and demand, currency movements and the policies of governments regarding commodity reserves and the choice of currency for the price of a commodity. Commodity investments may also involve the risks of investing in derivatives which include liquidity, roll, basis and regulatory risks, among others. A detailed explanation of risks is available in the prospectus of each commodity fund.

**High Yield Fixed Income Risks:** High yield securities are rated below investment grade by the major rating agencies such as Moody's and Standard and Poor's. They generally have higher yields than investment grade bonds but are subject to greater levels of credit risk and therefore fluctuate more in price (closer to equity price volatility) with a greater risk of loss than investment grade bonds.

**Limitation of Risks Disclosure:** The above list of risks is not intended to be a complete classification or specification of the risks involved in WIP's investment strategies. Also, as WIP's programs evolve and expand over time, clients may be subject to additional and unrelated risk factors. No assertion can be made that profits will be attained or that substantial losses will not be incurred.

## **Item 9 Disciplinary Information**

Wellesley Investment Partners and the Firm's management personnel have no reportable disciplinary events to disclose.

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

WIP is a registered investment advisor and a wholly owned subsidiary of Wellesley Bank, a bank offering a broad spectrum of banking products and financial services to consumers, businesses and commercial clients. Wellesley Bank is a wholly owned subsidiary of Wellesley Bancorp, Inc., a public stock bank holding company.

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

### **Code of Ethics**

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees and our access persons, including compliance with applicable federal securities laws.

WIP and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

WIP's Code includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual security holdings reports that must be submitted by the Firm's access persons. Among other things, the Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement, and recordkeeping provisions.

A copy of WIP's Code of Ethics is available to advisory clients and prospective clients upon request sent to [info@wellesleyinvestmentpartners.com](mailto:info@wellesleyinvestmentpartners.com), or by calling 781-431-1325.

### **Personal Interest in Client Transactions**

Our Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere in the process of making decisions deemed to be in the best interest of advisory clients.

The Firm, and related persons of the Firm, including but not limited to, WIP's investment adviser representatives, may invest in the same securities (or related securities, e.g., warrants, options or futures) that WIP or any of its related persons recommend to clients, provided they have requested and been granted permission to place such trades. Some of these investments may be placed at, or about the same time as, the placement of client securities transactions. This presents a conflict of interest, as the Firm and its related persons may be incented to benefit from client transactions by placing their own interests ahead of those of the Firm's clients. WIP requires that client transactions in Reportable Securities (as this term is defined in the Code of Ethics) be placed ahead of those of the Firm or its related persons. Alternatively, we may aggregate our employee trades with client trades where possible and when compliant with our duty to seek best execution for our clients. Participating clients, as well as any participating employees, will receive an average price of the shares traded in the aggregated trade. When employees/access persons invest in the Firm's strategies and their trades are aggregated with client trades, pre-clearance is not required.

All WIP employees are prohibited from:

- Putting his or her own interest above the interest of an advisory client;
- Purchasing or selling securities for his/her personal portfolio(s) where the decision to purchase or sell is based on information received in his/her capacity as an employee unless the information is also available to the investing public.
- Front-running a client transaction.

WIP's Code of Ethics and/or other relevant policies and procedures adopted by the Firm require:

1. Prior approval for any IPO or private placement investments by related persons of the Firm.
2. WIP's Chief Compliance Officer or his/her designee to maintain and review all Reportable Securities held by access persons.
3. All Employees to act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Acknowledgment of the Code of Ethics by each access person of our Firm.
5. Employees to report Code of Ethics violations to senior management.

## **Item 12 Brokerage Practices**

WIP clients select from three custodial firms to hold their assets; Fidelity, Charles Schwab and TD Ameritrade Institutional (TDAI). WIP has formal arrangements in place with these firms collectively, the "qualified custodians". WIP has access to the platform services of these firms which include brokerage, trading, research, custodial, administrative support, record keeping, and related services that are intended to support intermediaries like WIP in conducting business and in serving the best interests of our clients, but that may also benefit WIP.

The platform services described above are offered through the brokerage firms affiliated with the qualified custodian selected by the client. These brokerage firms may charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). These firms enable WIP to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commissions and transaction fees charged by the brokerage firm may be higher or lower than those charged by other custodians

and broker-dealers. As part of the arrangement, these brokerage firms also make available to our Firm, at no additional charge, certain research and brokerage services, including research services obtained from independent research companies.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of a qualified custodian's brokerage services. Not all advisers recommend the use of specified brokerage firms for the execution of client securities transactions. By directing brokerage to Fidelity, Schwab, or TDAI, clients should understand that we may not be able to achieve the most favorable execution of client transactions. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while WIP will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Fidelity, Schwab and TDAI are not affiliated with WIP.

In addition to those described above, WIP may also receive other benefits from brokerage firms, including the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisor 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 WIP by third party vendors.

Some of the products and services made available by Fidelity, Schwab and TDAI through the program may benefit WIP, but not directly benefit our client accounts. However, these products or services may assist us in managing and administering client accounts, including accounts not maintained at one of the qualified custodians. Other services made available by these firms are intended to help us manage and further develop our business enterprise. The benefits received by WIP through participation in these institutional programs do not depend on the amount of brokerage transactions placed through the brokerage firm providing the benefit. Clients should be aware that these potential benefits, whether utilized by WIP or not, in and of themselves, create a potential conflict of interest and could influence WIP's recommendation of custodial firms to the client.

WIP does not have any soft-dollar arrangements and does not receive soft-dollar benefits.

## **Item 13 Review of Accounts**

**REVIEWS:** All securities owned by advisory clients are regularly monitored and client investment portfolios are reviewed at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the investment markets, political situations, or the economic environment.

Accounts are reviewed by one or more of WIP's executive officers and/or wealth advisors.



**REPORTS:** Independent of the monthly statements and confirmations of transactions that clients receive from their custodian, WIP provides quarterly reports summarizing account performance, balances, holdings, and advisory fees.

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

WIP maintains a solicitation agreement with the Firm's parent company, Wellesley Bank, whereby bank employees may refer potential clients to WIP and receive compensation should the client enroll with WIP.

If deemed to be in the client's interest, employees of WIP may refer advisory clients to Wellesley Bank. WIP employees are not compensated for any such referrals.

With the exception of the agreement with Wellesley Bank, WIP does not currently engage solicitors or pay others for referring potential clients to our Firm.

## **Item 15 Custody**

WIP has custody of client funds and securities because it has the authority to effect transfers out of a client's account for the purpose of directing payments to a third party designated by the client, on the client's behalf, via standing letters of authorization (SLOAs). WIP also has custody of the assets of select clients to whom WIP provides bill-pay services.

As previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure, WIP directly debits advisory fees from client accounts. WIP is also deemed to have custody of client assets because of this authority to deduct its advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, WIP directs clients to carefully review their custodial statements to verify the accuracy of the calculation. WIP encourages clients to contact the Firm directly if they believe that there is an error on their statement.

In addition to the periodic statements that clients receive directly from their custodians, WIP also sends account statements directly to clients on a quarterly basis. WIP encourages clients to compare the information provided on these statements to ensure that all account transactions, holdings, values and fees are accurate.

## **Item 16 Investment Discretion**

WIP provides management services on a discretionary and non-discretionary basis. While WIP provides non-discretionary services to certain affiliated accounts, most clients enter into a discretionary relationship with WIP, which allows WIP to place trades in the client's account without first contacting the client to obtain permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or;
- determine the amount of the security to buy or sell; and/or;

- determine the timing of when to buy or sell; and/or;
- determine the broker or dealer to be used for a purchase or sale; and/or
- place trades on behalf of clients.

Clients give us discretionary authority when they sign our Investment Management Agreement and may limit this authority in writing. WIP will only exercise this discretionary authority in accordance with the client's stated investment objectives, as well as any limitations or restrictions on the management of the account imposed by the client.

## **Item 17 Voting Client Securities**

As disclosed in our client investment management agreements, we do not vote proxies on behalf of clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets.

When WIP uses the services of a sub-adviser to manage client assets, proxies may be voted by the sub-adviser. Clients should refer to sub-adviser's Form ADV, Part 2A (Firm Brochure) for information regarding a sub-adviser's proxy voting policies.

We may provide clients with consulting assistance regarding proxy issues upon request.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory Firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. WIP has no additional financial circumstances to report.

WIP has not been the subject of a bankruptcy petition at any time during the past ten years.