

SLATESTONE PRIVATE CLIENT

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This brochure provides information about the qualifications and business practices of SlateStone Private Client, LLC. If you have any questions about the contents of this brochure, please contact Sharon ("Sherri") Daniels, Chief Compliance Officer at 561-244-2504 or Info@SlateStone.com.

SlateStone Private Client, LLC. is a registered investment adviser with the United States Securities & Exchange Commission "SEC". References within this Brochure to SlateStone Private Client, LLC as a "registered investment adviser" or any reference to "registered" does not imply a certain level of skill or training. Likewise, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about SlateStone Private Client, LLC is also available on the SEC's Website www.adviserinfo.sec.gov. The CRD number for SlateStone Private Client is #304249. You will be able to view Parts 1 and 2 of our Form ADV as well as obtain information on the Investment Adviser Representatives of SlateStone Private Client.

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ITEM 2 – MATERIAL CHANGES

Regulatory rules require that we provide a summary of any material changes to this Brochure and any subsequent Brochures within 120 days of the close of our business's fiscal year. In addition, we will provide other ongoing disclosure information about material changes or an updated brochure when necessary.

SlateStone Private Client filed for initial registration on 05/14/2019 and has entered into an Asset Purchase Agreement to absorb the clients of Emerald Asset Advisors (CRD#107935). The Asset Purchase Agreement will result in a change of control of Emerald Asset Advisors effective as of the closing of the transaction. The closing is expected to take place during June 2019.

This Form ADV Part 2 is the initial ADV Part 2 for SlateStone Private Client, LLC. (“SSPC”), therefore no material changes need to be reported.

ITEM 4 – ADVISORY BUSINESS

Firm Description

SlateStone Private Client (SSPC), is a limited liability company formed pursuant to Florida law. The firm's corporate headquarters are located in Jupiter, Florida and regional offices are located in Boca Raton, Florida, Weston, Florida, Manhasset, New York, Southlake, Texas, and Madison Wisconsin.

Principal Owners

SlateStone's principal owners are SlateStone Group, LLC, a domestic limited liability company established in the State of Florida. SlateStone Group, LLC is solely owned by its Managing Partners Patrick E. Tylander, Sharon A. "Sherri" Daniels, and David J. Costigan. Additionally, Sherri Daniels and Dave Costigan individually own minority shares of SlateStone Private Client. For additional information related to the ownership of SlateStone Private Client please refer to the firm's Form ADV Part 1 which can be found at [https://www.adviserinfo.sec.gov \(CRD #304249\)](https://www.adviserinfo.sec.gov (CRD #304249)).

SlateStone Private Client is employee-owned, and our wealth advisory team is supported by investment industry veterans with years of investment management experience upholding a fiduciary standard. As a fiduciary, we uphold a duty of loyalty, fairness and good faith toward each client and seek to mitigate potential conflicts of interest. We cater to clients seeking high-touch services across a spectrum of financial needs that may be encountered over generations and we endeavor to help them build, manage, preserve, and transition their wealth through our comprehensive suite of specialized services. When working with SlateStone and our team, you can expect personal service, hospitality, and a long-term commitment. Our mission is to create deeply rooted relationships through personal attention and financial coaching, alongside custom solutions integrated with your financial plan and delivered through a disciplined process that instills a sense of confidence that goals are achievable.

Principal Partners

Sharon "Sherri" A. Daniels' professional investment and wealth management experience spans over 30 years of executive level leadership. Ms. Daniels is Co-Founder, Managing Partner and Chief Compliance Officer of SlateStone Private Client and the Co-Founder and Chief Executive Officer of its affiliate, registered investment advisor, SlateStone Wealth, LLC. Prior to SlateStone Wealth, Ms. Daniels was Chief Operating Officer and Executive Vice President at Boston Private Wealth Management which acquired Banyan Partners, LLC in 2014 and combined to form a \$9 billion wealth management entity with nationwide reach. At Banyan, Ms. Daniels was Chief Operating Officer, Executive Vice President and Principal responsible for strategic planning, client development and marketing while overseeing day-to-day business activities including overall operations, marketing, and compliance. Through both organic growth and strategic acquisitions, Banyan Partners grew to over \$4.5 billion over a five-year period until its acquisition by Boston Private Financial Holdings.

During her tenure, Ms. Daniels' skills helped drive significant asset growth – both organically and inorganically -- and built a national brand for Banyan unique in the independent advisory space. Prior to Banyan, Ms. Daniels was the former President of Weiss Capital Management, a Florida-based adviser

acquired by Banyan in January 2011. While at Weiss, from 1990 – 2011, Ms. Daniels simultaneously served as President of three separate investment service firms – an independent registered investment adviser, a broker-dealer, and an investment company -- with direct oversight of clients, employees, and strategic business initiatives.

Patrick E. Tylander has over 15 years of experience in corporate business and financial management. His investment and banking leadership have contributed to significant growth and success in the firms where he has been employed. At SlateStone Private Client and its affiliate, SlateStone Wealth, Mr. Tylander is responsible for the execution of the firm's financial and strategic business initiatives, and merger and acquisition efforts as Chief Financial Officer, Co-Founder and Managing Partner. Prior to SlateStone, Mr. Tylander was Chief Financial Officer of Boston Private Wealth Management following the acquisition of Banyan Partners, LLC in October 2014. While at Banyan Partners, as Chief Financial Officer, Mr. Tylander was instrumental in the firm's strategic growth specializing in mergers and acquisitions, legal engagement, and financial and technical operations. During his tenure, Banyan acquired seven independent investment advisers between 2009 – 2014, growing from \$30 million in assets to \$4.5 billion. As a member of Banyan's Board of Directors, he closely collaborated with the Chairman and CEO, helping to lead the firm's dynamic national expansion which eventually led to its sale to Boston Private Financial Holdings.

While at Banyan, Mr. Tylander and Ms. Daniels shared direct responsibility for financial and operational integration of all acquired firms spanning the Southeast, Northeast, South and West Coast regions with continued management and oversight across seven regional offices employing over 100 employees. Through mutual collaboration and management of business operations/technology, portfolio and client service operations and financial oversight, Mr. Tylander and Ms. Daniels led not only day-to-day operations but the cultural and business integration resulting from the firm's mergers and acquisition activities allowing for the efficient scalability of the expanding infrastructure.

David J. Costigan, CFP® is also Co-Founder and Managing Partner, Senior Wealth Advisor of SlateStone Private Client and Chief Operating Officer of its affiliate SlateStone Wealth, overseeing the firm's financial planning and consulting activities, and investment management functions. With over 20 years of financial industry experience, he has worked directly with clients and managed large, wealth advisor teams emphasizing service excellence and comprehensive guidance across a wide variety of financial complexities. As a former executive at both Banyan Partners, and subsequently Boston Private Financial Holdings, Mr. Costigan has in-depth experience alongside Ms. Daniels, and Mr. Tylander delivering on the unique needs of our clients and business operations.

SlateStone Private Client provides financial planning, portfolio management, and a Wealth Management Enhanced Program to individuals, trusts, estates, foundations, retirement plans and corporations. SlateStone Private Client, LLC is an affiliate of SlateStone Wealth, LLC, a registered investment advisor.

SlateStone Group LLC owns both SlateStone Wealth LLC and SlateStone Private Client. The owners of SSPC as outlined above also own SlateStone Wealth (SSW) which provides investment management, research, compliance, and operational services to SSPC for a fee. The fee is charged by SSW directly to

SSPC and neither the clients of SSPC or SSW absorb the fees. Also, SSPC may compensate or reimburse SSPW or vice versa for operational and staffing services. The details of the arrangement are outlined in the intercompany agreement. For further information on the ownership of both SlateStone Private Client and SlateStone Wealth, please refer to the Schedule A & B on Form ADV Part 1 which can be located for each as follows:

SSW please refer to the SEC website at www.adviserinfo.sec.gov. (CRD#286669).

SSPC please refer to the SEC website at www.adviserinfo.sec.gov (CRD#304249).

Intercompany Agreement

SlateStone Private Client and SlateStone Wealth are located at the same locations and utilize some of the same employees. The infrastructure includes but is not limited to:

- Physical facilities
- Data Processing Storage
- Backup Systems
- Communication and computer systems
- Research Resources
- Investment Management & Research
- Staff and internal and outside professional services

Assets Under Management

SSPC is applying for registration as an Investment advisor and believes it will have more than the required \$100,000,000 Assets Under Management within 120 days of submitting registrations with the Securities and Exchange Commission.

Assets Under Advisement

SSPC believes it will have approximately \$42,000,000 in assets under advisement within 120 days of submitting registration with the Securities and Exchange Commission. **Mutual Engagement with Clients**

At SlateStone Private Client, every client receives personalized service designed with a long-term perspective. Whether a client chooses only investment management or a service that combines both financial planning elements with a defined investment offering, we customize the wealth planning to meet specific needs. Our purpose is to help clients gain a sense of comfort and confidence that their financial objectives are achievable. In upholding a fiduciary standard, we place our client's interests first and this standard guides us as we deliver independent advice and an authentic experience to our clients.

To further enhance the experience and provide for a seamless transition of new clients from advisors joining SSPC, the firm has retained consultants to provide client transition guidance into the SlateStone

Private Client family of clients.

General Description of Advisory Services

SlateStone Private Client offers comprehensive investment advisory services on a discretionary fee basis and, offers financial planning and consulting services on a non-discretionary fee basis.

When a client requires financial planning or consulting services (to be determined based on the scope of the services and in our sole discretion), SlateStone Private Client may determine to charge for such additional services, the dollar amount of which will be set forth in a separate written agreement with the client.

Wealth Management & Investment Advisory Services

SlateStone Private Client offers a comprehensive set of wealth advisory services and dedicated resources designed to respond to the unique needs of our clients. SSPC's *CleanSlate* approach is a process we utilize with new client relationships to begin from a fresh starting point. This process ensures we gain a solid understanding of our client's unique life vision and current financial situation before creating a tailored wealth and investment plan to serve as a roadmap for the future. Understanding a client's life values and financial goals aids in our ability to more successfully govern the relationship and provides a guideline for the ongoing management of our client's finances. Whether the relationship is broad and deep (including comprehensive life management and financial planning combined with investment management and other services), or focused solely on strategic investment management services only, our advice is designed to simplify our clients lives and give definition to the mutually established investment objectives we seek to deliver. By taking into consideration, time horizons, tax considerations, liquidity and any other unique circumstances that may impact the management of a client's financial plan and investment portfolio, we are equipped to address a lifetime of changing needs. Throughout our *CleanSlate* approach, our advisor and investment teams use their skills to educate, communicate and collaborate on financial and non-financial issues providing recommendations on investment options to be considered. Interactive management, monitoring and rebalancing of your portfolio strategy is part and parcel of our guidance. SSPC's suite of investment choices within our *Strategic Portfolio Management Service* is comprised of *specialty investment strategies* invested in mutual funds and exchange-traded funds, asset allocation strategies, and portfolios with access to independent third-party investment advisers. In addition, for clients with highly complex needs, we offer our *Customized Investment Management Service* and our *Wealth Management Enhanced Program* providing sophisticated investment management solutions, individual security selection and management and, when suitable, introduction to non-traditional asset classes which include real estate, hard-asset lending, private equity and venture capital.

SSPC serves primarily high net worth and ultra-high net worth individuals and families who typically have in excess of \$1 million in investable assets. SSPC also offers services to trusts, estates, foundations, retirement plans and corporations. The majority of SlateStone Private Client's clients receive discretionary investment advisory services on a fee-only basis. Discretionary means you give us written authorization to make investment decisions and securities transactions on your behalf and in accordance with stated objectives. We make all decisions to buy, sell or hold securities or other investments, including cash, in your account and allocate assets in a manner deemed appropriate to meet your investment objectives.

SSPC invests on behalf of its clients primarily in securities that are publicly traded with the exception of securities related to non-traditional asset classes such as Real Estate Related Investments. We supervise client portfolios proactively and will execute transactions to buy and sell positions or rebalance holdings when we believe it is appropriate to help achieve objectives and/or to limit risk.

Strategic Portfolio Management Service is a comprehensive investment management solution which includes investment portfolio design and implementation, tax-aware management, and reporting plus ongoing and continuous oversight of client accounts. When advising on and constructing client portfolios, the firm will typically utilize equity and bond related ETFs and mutual funds to build a diversified portfolio. Within this framework, we may advise a client to utilize a mutual fund asset allocation strategy, or the use of an external third-party manager when deemed necessary. Depending on the client's objectives, the firm allocates primarily for results over time however, we will also employ short term, tactical moves to protect from downside market conditions when deemed appropriate. Tactical moves may include the use of specialized funds or ETFs over the shorter term or increasing cash levels as deemed appropriate based on the specific client risk tolerance and short- and long-term objectives. Where appropriate, and in our *Customized Investment Management Service* or *Wealth Management Enhanced Program* which are tailored for clients who have special circumstances or restrictions and want to include individual security selection of stocks and bonds, we may employ other strategies.

Customized Investment Management Service is designed for those clients who typically have greater than \$2 million in investable assets and/or who have special situations or investment restrictions that require highly specialized solutions. Custom portfolios are individually tailored and address sophisticated investment requirements such as situations that involve special tax considerations, concentrated or low-basis stock positions, inheritance issues, or closely held businesses. SSPC's investment professionals determine through an in-depth review with the client an appropriate plan of action to meet the client's unique circumstances. Our customized portfolio solutions provide review and analysis of existing holdings, risk management reduction, asset allocation and portfolio construction. Within these portfolios, we typically invest in individual equity and fixed income securities, active management and, where suitable, options strategies and alternative investments that may include exposure to private placements, hedge funds, private equity, and real estate.

SSPC's *Customized Investment Management Service* utilizes internally managed asset allocation strategies alongside or in combination with individual equities and bonds to create a blended and diversified portfolio to achieve overall investment goals based upon suitability. These services include a comprehensive review of existing assets to ensure a streamlined and tax efficient transition of the client's assets and/or securities to meet an appropriate portfolio design aligned to individual investment objectives.

SSPC's customized investment solutions are tailored to each client's portfolio objectives. The firm's Investment Policy Committee identifies the big-picture global economic themes and specific industry sectors it believes offer the best investment opportunities from a top-down approach. Assessing the geopolitical landscape, direction of interest rates, prospects for inflation/deflation, among other factors, with the goal of identifying sectors to overweight and underweight are included in our ongoing oversight process.

Based on our economic and market outlook, our research team performs in-depth research to compile a

“buy-list” of companies based on in-depth analysis of each industry sector and individual equity with the goal of identifying companies that we believe will produce the greatest return within certain risk parameters. We identify companies with specific factors including:

- Consistent and stable earnings and revenue growth
- Consistent profitability
- Relative attractive valuations
- Strong management teams
- Healthy balance sheets
- Competitive advantages to upside potential
- Favorable dividend policy

Further analysis and a quantitative screening process is undertaken and then combined with technical analysis comprised of a number of factors to arrive at the firm’s Buy List. Once we have determined the universe of equities that meet our criteria and following a thorough understanding of our client’s financial objectives, we then proceed to construct a custom portfolio designed to meet those expectations. Proactive management of the portfolio is augmented by a well-defined sell discipline for either fundamental or technical reasons or more attractive opportunities elsewhere. Our investment team’s value-add is derived from an emphasis on the big picture investment themes that offer competitive advantages, a superior stock selection process, thematic sector allocation and diversification.

Wealth Management Enhanced Program is designed for individuals and families who require complex guidance and reporting, coordination of other financial professionals, and who qualify for access and introduction to direct investments and typically have greater than \$2 million in investable assets, significant annual income, and net worth.

SSPC provides the Wealth Management Enhanced program for certain clients, encompassing the following:

- 1) Investment Management, including overall asset allocation and security selection including sourcing, vetting, and monitoring direct investment opportunities;
- 2) Consolidated reporting, including periodic global asset allocation summary, real estate, and income summary;
- 3) Review of insurance coverages, including homeowner’s, auto, life and disability;
- 4) Business opportunities and other services, utilizing SlateStone’s extensive connections to expedite the introduction and connection process between client, potential business partners and service providers;
- 5) Serves as intermediary to facilitate and manage confidential connections between clients and for specific business purposes;
- 6) Coordinates with legal advisors to review key legal documents already in place or needed.

Clients who meet standards and qualifications for this service typically will pay a flat annual fee rather than an asset-based fee. (For more information on fees for services refer to Item 5 Fees and Compensation.

Life Guidance Services

Financial Planning and Consulting.

In the course of providing comprehensive advice to our clients, we may determine that financial planning and/or consulting services on a standalone and separate fee-basis are necessary. These “additional services” are provided on a non-discretionary basis and include guidance on both investment and non-investment related matters, including, but not limited to budgeting, cash flow planning, retirement planning, insurance planning, and estate planning, etc. SSPC’s financial planning and consulting fees are negotiable depending on the level and scope of services required and upon the professionals who render the service. These services generally are provided on a fee basis ranging from \$2,000 - \$7,500 annually based on complexity. Prior to engaging for more complex financial planning and consulting services, clients enter into a *Letter of Engagement for Financial Planning Services* outlining the terms and conditions of the engagement, the scope of the services, and the fee that is due from the client prior to SlateStone commencing services and if appropriate on an ongoing basis. Emerald provides comprehensive financial planning services and/or issue-specific planning services as described below. Comprehensive planning will include six key areas of financial planning (unless specifically excluded in our financial planning agreement):

- (1) Financial Statements (cash flow analysis and net worth statement);
- (2) Investment Planning;
- (3) Retirement Planning;
- (4) Income Tax Planning;
- (5) Insurance Planning; and
- (6) Estate Planning

If directed by the client, we will work closely with the client’s CPA, Estate Attorney, or other advisors to develop coordinated tax and wealth management strategies. SSPC’s financial planning and consulting services are provided on a non-discretionary basis which means the client retains discretion over the implementation decisions and is free to accept or reject recommendations made by SSPC. (Refer to disclosure Item 10. C).

Importantly, within the scope of financial planning and consulting services, SSPC does not serve as an attorney or accountant, and its services should not be construed as legal or tax advice. Furthermore, SSPC does not prepare estate planning documents or tax returns. In service to our clients, we may recommend outside professionals for non-investment-related services (accountants, attorney’s, insurance agents) or a professional licensed to sell insurance products in their individual capacity. The client is never under any obligation to engage with a recommended professional. Whereby a client uses the services of a recommended professional and a dispute arises thereafter, relative to that engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

It is expressly understood that SSPC and its representatives are not qualified to render legal advice or prepare legal documents that may be required for implementation of the client's plan. The client and his or her personal attorney shall be solely responsible for the rendering of legal advice and/or preparation of all legal matters.

Portfolio Management Services

SSPC provides advice as to the allocation of client portfolios and the investment of client assets. Investment advice is tailored to the individual needs of each client. SSPC evaluates the client's personal and financial circumstances at the onset of the relationship, and periodically thereafter. Clients are advised that they should promptly notify us when there are any changes to their financial situation and/or financial objectives for the purpose of reviewing, evaluating, or revising previous recommendations or services.

SSPC will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, SSPC will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This can result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Clients may impose certain written restrictions on SSPC in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ, and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of SSPC.

Selection of Separate Account Managers or Subadvisors

When appropriate for a client, SSPC may recommend the use of one or more Separate Account Managers or a Sub-Advisor as "Manager." Having access to various Managers offers a wide variety of investment styles and offers clients the opportunity to utilize more than one Manager if necessary, to meet the needs and investment objectives of the client. SSPC will usually select or recommend the Manager(s) it deems most appropriate for the client. Factors that SSPC considers in recommending/selecting Managers or Sub-advisors generally include the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s)/Sub-Advisors will generally be granted discretionary trading authority to provide

investment supervisory services for the portfolio. Under certain circumstances, SSPC retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent. In other cases, the client will ultimately select one or more Managers recommended by SSPC. Fees paid to such Manager(s)/Sub-Advisors are separate from and in addition to the fee assessed by SSPC.

In any case, with respect to assets managed by a Manager/Sub-Advisor, SSPC's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s)/Sub-Advisors, and to assist the client in understanding the investments of the portfolio.

SSPC may also act as a Sub Advisor to affiliated and unaffiliated advisors. Please see Item 14 Client Referrals and Other Compensation.

Real Estate-Related Investments

When appropriate, and in accordance with the client's objectives, SSPC may recommend the use of one or more alternative or real estate limited partnership operators. For clients for whom such services are suitable, SSPC will provide advice on alternate or real estate-related investments (e.g., mortgages, direct investments in real estate and investments in real estate funds). Services included within the scope of such advice include strategic research, due diligence, investment monitoring and reporting.

SSPC has retained consultants to provide guidance and assistance with the due diligence of the real estate operators, real estate valuations and fee calculations for the real estate-related investments.

Held-Away Assets

SSPC provides additional services for accounts where it is not possible for the firm to enact trades through the standard custodial arrangements. These are primarily company retirement accounts, 529 plans, and variable annuities. SSPC will periodically discuss holdings in accounts and the overall investment objectives with clients who have these types of accounts, to suggest appropriate adjustments or transactions which may be enacted by the clients, monitor the accounts, and provide statements and performance reporting (where given access) on an ongoing basis.

ITEM 5 – FEES AND COMPENSATION

The specific manner in which fees are charged is established in a client's written agreement. However, SSPC's general fee structures are outlined below:

When a client chooses to engage SSPC for investment advisory services, they do so on a fee-basis. SSPC's investment management fees are assessed in the following ways:

- For *Strategic Portfolio Management Services* and *Customized Investment Management Services*, we charge a percentage-based fee calculated as a percentage of the market value of the assets in your account.
- For *Financial Planning and Consulting Services*, we charge a fee depending on the scope of the planning services required.

Depending on the scope of the services provided, additional documents will be required from the client in order to facilitate our financial planning and consulting guidance.

SSPC's fees for *Strategic Portfolio Management* and *Customized Investment Management Services* are negotiable but generally are between 0.50% and 1.50% as follows:

Standard Management Fee Schedule

Strategic Portfolio Management Services	Total Assets Under Management	Annual Advisory Fee as % of Total Assets
	On the first \$2,000,000	1.50%
	On the next \$3,000,000	1.00%
	On the next \$5,000,000	0.50%
	\$10,000,000 and above	Negotiable

Household minimum is typically \$1,000,000 however, accounts established with less than \$1,000,000 are at the sole discretion of SlateStone.

Customized Investment Management Services	Total Assets Under Management	Annual Advisory Fees as % of Total Assets
	On the first \$2,000,000	1.50%
	On the next \$3,000,000	1.00%
	On the next \$5,000,000	0.50%
	\$10,000,000 and above	Negotiable

SSPC enters into a written *Investment Management Agreement* "IMA" with each client prior to providing services. The IMA describes the scope of SSPC's services and how we calculate and charge our fees.

Investment Advisory Fees - Automatic Fee Deduction/Billing

The percentage-based annual management fee is prorated and paid quarterly, in advance, and is based on the total market value of portfolio assets on the last business day of the previous quarter as valued by the custodian.

All investment management fees are charged to and deducted from the appropriate brokerage account or another custodial account as directed by the client, unless otherwise specifically arranged with the client. Account statements provided by the custodian will show all transactions and positions in the account, including the amount deducted for our fees. It is the responsibility of the client, not the custodian, to verify that the advisory or other fee is applied to a client's correctly.

If a client chooses not to have fees deducted directly from the custodial account or desires to pay fees from

another account or by invoice, management has sole discretion to bill fees separately. Regardless of payment method, if the client is ever more than 60 days delinquent on paying any portion of fees due, the client authorizes SlateStone to take such fees directly from the account (even in the case of a retirement account).

In certain unique relationships, the terms for fees and billing periods may differ from those described herewith, typically for those clients who joined SSPC as part of a corporate merger or acquisition. When a client joins us as a result of a combination with another firm, we typically do not change the fee arrangement previously established. In its sole discretion, SSPC may charge a lower investment management fee based upon certain criteria (anticipated future additional assets, dollar amount of assets to be managed, related client relationship, composition of assets to be managed, future earning capacity of client, etc.)

Unless otherwise stated, SSPC's investment management fees do not cover or include brokerage commissions, transaction costs, custody fees or other related expenses (see Additional Fees and Expenses not paid to SSPC below).

SSPC does not accept compensation from the sales of securities, share in commissions or transaction costs.

Cancellation Process, Accrued Fees & Refunds

A client may terminate an account or the full relationship at any time or may change an account objective upon notification to SSPC. You shall have five (5) business days from the date of execution of the *Investment Management Agreement* to terminate services for a full refund.

SSPC requires a written notice of termination of any of its services. Upon such notice, SSPC will cease making investment decisions under the *Investment Management Agreement* and/or providing financial advice incidental to the *Financial Planning and Consulting Agreement* and will implement any reasonable written instructions that are provided. The investment account(s) can be closed, and funds withdrawn only after any open trades have been settled. Upon termination of an investment account, SSPC will refund any pre-paid management fees, pro-rated to the date of termination. The client refund amount will be either credited to the account or paid by check to the account holder.

Additional Fees and Expenses

Mutual Fund and ETF Management Fees. Accounts invested in mutual funds and exchange-traded funds generally also pay, indirectly, investment advisory fees to the managers of those funds. As such, client accounts with investments in those types of securities will be subject to two layers of management fees. An explanation of the fees and expenses paid by each mutual fund is contained in that mutual fund's prospectus.

Mutual Fund transaction fees. Depending on the custodian, SSPC may be able to purchase and sell mutual funds with no transaction fees. Note that clients who do not trade through specific custodians may not be eligible for these waived transaction fees. Fees may be imposed upon early redemption, if the fund was owned prior to our management or if we sell the fund at our discretion. An explanation of fees

and expenses charged by each mutual fund is contained in that fund's prospectus.

Brokerage Fees. SSPC's management fee does not include brokerage commissions, transaction fees, exchange fees, SEC fees and other related trading costs and expenses.

External Account Manager Fees. If SSPC engages an external independent investment manager to manage a portion of client's assets, the client may be responsible for paying all fees charged by the external account manager on those assets in addition to SSPC's *Strategic Portfolio Management* or *Customized Investment Management Services* fees. SSPC will obtain written consent from the client for outside manager fees and additional documents will be required.

SubAdvisory and Dual Contract Clients. Fee schedules for clients participating in sub-advisory or dual contract programs may be separately negotiated with the relevant client or intermediary. The firm's standard fee schedule is not necessarily applicable to sub-advised or dual contract account clients. SSPC's management fees for advice to clients in a dual contract, separately managed or sub-advisory account may be less than for the direct management of an account managed internally. The sub-advisor or intermediary generally charges clients quarterly in advance for some form of comprehensive fee based upon the percentage of the value of the client's assets under management in the program. This comprehensive fee may include execution, consulting, custodial and other services performed or arranged by the program sponsor and amount sufficient to cover the investment advisory services of discretionary managers such as SSPC. In some cases, the discretionary manager's fee is paid directly by the client pursuant to a separate contract executed between the manager and the client. In other programs, the manager's fee is paid directly by the program sponsor. SSPC may participate in both types of programs – dual contract or single contract -- and may be paid its investment management fee out of the fees collected by the sponsor or directly by the client.

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

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

Custodial fees, transfer taxes, odd-lot differentials, margin interest, deferred sales charges (on mutual funds or annuities), wire transfer and electronic fund processing fees, advisory fees and administrative fees charged by mutual funds and exchange traded funds (ETFs). The fees listed above are charged by and paid to a broker-dealer, custodian, mutual fund company, or annuity issuer, as applicable. We do not directly or indirectly share or receive any portion of these fees.

The client shall authorize the deduction of SSPC's investment advisory fee directly from their custodial account which shall be directly remitted to SSPC in compliance with regulatory procedures. In the limited event that SSPC bills the client directly, payment is due upon receipt of SSPC's invoice.

As part of the advisory fee 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, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact SSPC directly if they believe that there may be an error in their statement. Minor discrepancies may be present due to differences in pricing services used to price all the securities held, pending transactions, timing, and recognition of interest payments, among other reasons.

Wealth Management Enhanced Program

<u>Assets (includes discretionary)</u>	<u>Annual Fee</u>
Up to the First \$2.5 Million	\$24,000
\$2.5 Million to \$5 Million	\$40,000
Over \$5 Million	Negotiable

Wealth Management Enhanced -- Proration of Fees at Termination

Clients may terminate their agreement at any time, in which case fees will be prorated up to and including the termination date, which is evidenced by receipt of written instructions from the client. If the daily proration results in an amount to be rebated to the client, the client will be promptly refunded. In the event the client terminates prior to twelve months from inception, a termination fee will be imposed to adjust the annual payment to a minimum of \$10,000.

All fees are subject to change. Each client is given a fee structure they authorize in writing. Actual fee structures may differ from what is reflected in this document.

Alternatively, clients in certain situations and in SSPC's *Wealth Management Enhanced Program* may negotiate a fixed dollar fee for services which is billed quarterly. Unless other arrangements are made, fees for advice on real estate investments (or other private fund investments) and/or held away accounts are typically deducted from a client's managed account held at our recommended custodian(s). Fees are charged according to the valuation of the assets at the close of the quarter.

SlateStone Wealth provides investment management, research, compliance, and operational services to SlateStone Private for a fee. The fee is charged by SlateStone Wealth directly to SlateStone Private Client and neither the clients of SlateStone Wealth nor SlateStone Private absorb the fees. Also, SlateStone Private Client may compensate or reimburse SlateStone Wealth or vice versa for operational and staffing services.

Please refer to the section titled Intercompany Agreement in Item 4 Advisory Business for further compensation details.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SSPC does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because the firm has no performance-based fee accounts, it has no side-by-side management.

ITEM 7 – TYPES OF CLIENTS

SSPC provides portfolio management services to individuals, families, trusts, estates, foundations, retirement plans and corporations.

Employee benefit plans which select SSPC to provide investment advisory services should be aware that the Employee Retirement Income Security Act of 1974 (“ERISA”) sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, SSPC will be considered a fiduciary under ERISA. For example, SSPC will act as a fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain SSPC to act as an investment manager within the meaning of ERISA § 3(38), Emerald will provide discretionary investment management services to the Plan.

Minimum Investment and Minimum Fee

SSPC requires a minimum investment for a new client household (i.e., a client’s aggregate accounts under management) in the amount of \$1,000,000 for asset management services. The minimum annual fee is \$10,000. These minimums may be waived or reduced at SSPC discretion.

The \$10,000 minimum household annual fee requirement (\$2,500 billed quarterly), which can exceed our highest published annual fee rate. Should SSPC accept a portfolio less than \$1,000,000, the minimum advisory fee may exceed the stated fee schedule.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Analysis

SSPC’s research department makes available to its professional advisory team certain information which includes recommendations on equities, fixed income securities, mutual funds, ETFs, alternatives, and the use of external independent managers. SSPC’s investment research is used by its wealth management professionals to tailor recommendations and design an investment portfolio to a client’s specific needs, circumstances, and objectives. The firm’s research department uses fundamental, quantitative, technical, and cyclical analysis in evaluating securities. Fundamental analysis involves looking at economic, financial, and other qualitative and quantitative factors in an effort to measure a security’s value.

We may use various financial databases and tools such as FactSet, Bloomberg Professional, Morningstar’s Direct, NATIXIS and The Value Line, Barron’s, Briefing.com, Seeking Alpha, StockCharts.com, TFC-Charts.w2d.com, QuantumOnline.com and the Wall Street Journal, Morningstar, Thompson Reuters, Fund prospectuses. We also use other commercially available technology, including research provided by custodians, financial periodicals and other publications, SEC filings, and financial statements to assist with our analysis. The staff may also meet with outside portfolio managers, participate in conference calls, and attend industry conferences. In certain instances, we may use outside research to provide expertise in specific investment areas or for more in-depth analysis.

Equities. SSPC employs a top-down approach in managing client’s investment portfolios. We begin with a

detailed study of the macro-economic environment reviewing and analyzing business trends and the economic cycles both domestically and abroad. We look at the direction of interest rates, the influence of political policies and the general strength in business and industries. Based on the results of our study, we determine where to focus our efforts in finding global investment ideas. We then determine which equity industry sectors in which to concentrate and the sub-industries that we believe will benefit from our expectations of economic growth.

SSPC's methods for identifying new investment ideas focuses on a four-tier approach.

1. We begin our process of identifying investment ideas by running a quantitative screening against a universe of tens of thousands of individual companies based all around the globe. We screen for earnings growth rates, revenue growth rates, valuations, and debt levels.
2. Companies identified in our Quantitative Screening are then reviewed using Technical Analysis during which we review multiple years of trading charts, compare the current price action to moving averages and trend lines and review relative strength and money flow indicators.
3. Stocks that pass our technical review will be reviewed using valuation analysis which involves measuring the current price earnings ratio, PEG ratio, price to book, price to cash flow, price to sales and enterprise value to sales and EBITA. Stocks identified with favorable valuations are then compared using the same analysis to their closest competitors in our peer to peer analysis.
4. Stocks that pass our Valuation Analysis will be reviewed using fundamental analysis which involves looking at competitive advantages, the uniqueness of a company's products or services, barriers to entry, sustainable growth, and potential threats.

Mutual Funds and ETFs. SSPC evaluates, selects, and monitors mutual funds and ETFs across multiple asset classes and investment styles. SSPC's investment selection process for mutual funds begins by screening potential funds using various industry sources. The firm uses specific criteria to determine the overall investment merit of a specific fund focusing on the fund's historical performance in both bull and bear markets, current performance, fund purpose and sector, price volatility, standard deviation, the fund's returns over a specific period of time, and overall management stability and integrity. SSPC's investment process for exchange traded funds (ETFs) is based upon a quantitative methodology to choose ETFs that represent specific industry sectors, baskets of regional and international stocks, fixed-income instruments, and commodities. By analyzing ETF data, our portfolio managers seek to identify ETFs that appear to be under accumulation by investors, particularly institutions, early in a trend, and those that appear to be out of favor.

SSPC manages risks within our clients' portfolios by maintaining a diversified portfolio, limiting the number of holdings to a manageable total, managing within tolerance bands related to security weightings within client portfolios, and supervising the client holdings by rigorously monitoring the market and economic trends affecting the securities we invest in on behalf of our clients.

SSPC adheres to the philosophy that long-term results can be achieved by adhering to established processes built on goals-oriented objectives, an understanding of the impact emotions have on investor behavior and factoring that knowledge into our portfolio construction when developing a long-term financial and investment plan for our clients. This entire process is augmented and enhanced by applying

a disciplined rebalancing process to our portfolio management that is intended to reset allocation targets, maintain appropriate portfolio risk parameters, and reduce overweighting.

SlateStone's sell discipline involves the same procedures we employ to identify a potential purchase candidate, simply in reverse. We carefully review the fundamentals affecting the securities purchased for our clients. We monitor peer to peer valuations and the valuations of our holdings. Technical analysis is applied towards each of our names and our quantitative screens are monitored and reviewed regularly. Our sell discipline may be triggered by certain variables including earnings deceleration, fundamental changes in a security, company or within the industry or sector, as well as deteriorating economic or market conditions, material changes to a company or investment deemed to potentially have a negative impact on valuation.

Bonds/Fixed Income. SSPC's fixed income securities are selected based on client objectives for income, risk tolerance, time horizon among other factors. Our fixed income security selection is based on a review of factors including duration, maturity, yield to maturity, current yield, yield to call and credit quality based on client preferences and risk tolerances. We manage taxable and tax-free portfolios.

External Independent Managers. SSPC's discretionary authority includes the ability to select any US registered investment adviser to manage client assets based on specific criteria and such managers may invest client assets in separate accounts at the client's custodian. These external investment managers are authorized to buy, sell, and trade in securities in accordance with client investment objectives as communicated by SSPC. SSPC is authorized to terminate or change independent managers when, in our sole discretion, we believe such a termination or change is in our clients' best interests. SSPC's research team conducts a thorough review process to select external manager strategies and runs portfolio analytics and reviews proprietary research along with fundamental. This review includes quantitative and qualitative analysis which may include direct discussion with the manager to assess each manager's likelihood of generating future returns as well as to measure the risks associated with the generation of those returns. The research team monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The ongoing screening process is also designed to uncover new external investment strategies that may be utilized for SSPC's clients.

Donor-Advised Funds. SSPC can facilitate a client's interest in charitable giving by allocating a portion of the client's assets to a donor advised fund. In specific circumstances, a third-party will administer the donor advised funds for clients and SSPC may manage assets in these donor-advised funds.

Derivative Investments. SSPC may utilize derivative investments and options where suitable for its clients to meet specific objectives for growth, risk management, and income. The firm will determine, analyze, select, and monitor derivative securities for clients qualified to invest in them.

Structured Notes. Structured products are a combination of a traditional investments (such as: equities, currencies, bonds, commodities, or funds) and one or more derivatives that are structured into one securitized instrument. As structured note is a financial instrument that combines two elements, a debt security and exposure to the underlying asset. As a note, it carries counter-party risk of the issuer with the return on the note linked to the return of an underlying asset. The most common type of structured product utilized selectively at SSPC is a buffered return-enhanced note which provides for some downside

market protection while leveraging market returns on the upside and is linked to a particular market index (such as the S&P500 Index).

Structured products may involve a high degree of risk and may be highly complex, but they may also be used as flexible alternatives to traditional investment categories while providing attractive additional features, such as capital protection, yield enhancement, leverage, or a combination thereof. On a selective basis, SSPC may employ the use of structured products within client accounts when suitable to the client's overall asset allocation, investment time horizon and risk profile. Importantly, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Further, structured notes may also encounter liquidity issues, when being sold prior to maturity.

Investment Strategies

As part of the firm's *Strategic Portfolio Management Service*, SSPC has developed asset allocation strategies and processes to manage client portfolios. These strategies may be combined, as appropriate, for each client's personal financial condition and investment objectives. SSPC offers six asset allocation strategies to align with overall client objectives and risk tolerances and which invest primarily in mutual funds and exchange traded funds:

- Fixed Income
- Conservative
- Moderate Income
- Moderate Growth
- Growth
- Aggressive

Based upon market conditions and the firm's investment outlook, the composition of the above portfolios may include, at varying percentage allocations, the following asset classes:

- Equities including domestic, global, international, large, mid-cap and small-cap, sector, and diversified funds
- Fixed income including short- and long-term high quality, mortgage back, strategic income, bank loans, high-yield
- Alternatives include long/short, tactical, hedging, real estate, hard-asset, and multi-asset. Some alternatives may be liquid, and others may be illiquid (subject to accreditor investor qualifications).

Furthermore, the portfolios percentage asset allocation ranges (across cash, equities, fixed income, and alternatives) may be modified upon approval of the firm's Investment Policy Committee to align closely with our investment thesis in different market environments.

In certain sized portfolios and based upon client objectives and suitability, structured notes may be utilized as well.

Accounts managed in SSPC's *Strategic Portfolio Management* strategies and portfolios under \$1 million in size are designed to meet the specific needs of a common group of clients.

Risk of Loss

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

Listed below are some potential risks with any investment:

Cash Management Risks. The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Equity-Related Securities and Instruments. The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

Mutual Funds and ETFs. An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss. Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value "NAV", plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among

other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risk. Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of SSPC's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that SlateStone will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks. The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Interest Rate Risk. An increase in interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

Event Risk. An adverse event affecting a specific company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The issuer could become unable to handle its debt service, or receive a downgraded credit rating by a rating agency.

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

Political Risk. The events that occur in the home country of the foreign company may impact valuations. Events such as revolutions, nationalization, currency collapse or other types of events can have a negative impact on the security.

Inflation Risk. Inflation is a general upward movement of prices reducing your purchasing power, which is a risk for investors receiving a fixed rate of interest. The concern for individuals is that inflation will erode returns.

Derivative Risk. Investing and engaging in derivative instruments or derivative transactions such as options, commodity funds and commodity exchange traded funds "ETF's, may involve different types of

risk and possibly greater levels of risk such as those listed below.

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

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

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

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

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

Tax Harvesting Risk. Efficient tax-loss harvesting is an important component of a customized portfolio approach. Tax harvesting is a strategy where an ETF or mutual fund is sold at a taxable loss and replaced with a security whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

Real Estate Risk: REIT share prices may decline because of adverse developments affecting the real estate industry and real property values. In general, real estate values can be affected by a variety of factors, including supply and demand for properties, the economic health of the country or different regions, and the strength of specific industries that rent properties. Some of our investment strategies require that you maintain a margin account. Clients who purchase securities may pay for them in full or may borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same

time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with clients to determine if it is appropriate.

Cybersecurity: The technology systems of SSPC and its respective service providers may be vulnerable to inadvertent or deliberate interruption and consequent damage from technical or human sources. In addition to natural catastrophes, service/power outages, and network or telecommunications failures, security breaches and intrusion by unauthorized persons could result in damage, disruption, and theft of data, including investor information. SSPC has implemented cybersecurity procedures meant to address these risks. Nevertheless, given SSPC's fundamental dependence on technology, a cyber-attack or similar technology disruption could have a material adverse impact on Clients. Additionally, there are inherent limitations in cybersecurity policies and procedures and controls including the possibility that certain risks have not been identified. SSPC has conducted limited due diligence and risk assessments of third-party providers. However, SSPC is not able to control the cybersecurity plans, breach notifications, incident response plans and controls put in place by other services providers and/or the issuers in which the client invest. It is in the client's best interest to monitor all of his or her accounts on a regular basis and stay informed of cybersecurity best practices.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SSPC or the integrity of SSPC's management. SSPC has no information applicable to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SlateStone Private Client LLC "SSPC" is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investments company or hedge fund, and offshore fund), a futures commission merchant, commodity pool operation, or commodity trading advisor, or a banking or thrift institution.

The principal owners of SSPC also own SlateStone Wealth, LLC. ("SSW"). SSW is a registered Investment advisory firm with headquarters in Jupiter, Florida. SSW and SSPC have entered into an intercompany agreement which is summarized in Item 4- Advisory Business.

SSPC has applied to register as an independent investment advisory firm and will provide asset management, financial planning and consulting, and investment advisory services to retail clients. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. While we do not sell products or services other than investment advice, certain of our representatives or employees may provide services outside of their role as investment advisor representatives with us. Please refer to Form ADV Part 2 B for the Investment Adviser Representatives information.

For further information on the ownership of both SlateStone Private Client and SlateStone Wealth, please refer to the Schedule A & B on Form ADV Part 1 which can be located for each as follows:

SSW please refer to the SEC website at www.adviserinfo.sec.gov. (CRD#286669).

SSPC please refer to the SEC website at www.adviserinfo.sec.gov (CRD#304249)

Certain SSPC employees may serve on corporate boards; however, such board participation requires approval by SSPC's CCO and shall not create any material conflict for SlateStone or the employee/principals involved.

SSPC's highly customized, integrated approach to wealth management includes working closely with accounting, legal, and insurance firms. We have made arrangements with these and other professional referral sources to pay them referral fees. This in no way increases the investment advisory fees the client is charged. All applicable Federal and or State laws are observed, and appropriate disclosures are made.

Certain SSPC's investment advisor representatives hold Florida Health & Life (including Annuities & Variable Contracts) Agent License. They may make recommendations to purchase insurance products. However, clients are under no obligation to act on any insurance recommendation and may retain other insurance professionals at their sole discretion. None of the investment advisor representatives nor the firm will receive an insurance commission for the referral of any insurance product to SSPC's clients.

Service Agreements

SSPC has Service Agreements with third-party vendors to provide trading, data aggregation, and reconciliation as well as billing, portfolio management, reporting, and other operational solutions. These agreements allow the vendors to perform certain, operational, data aggregation and other administrative duties with our custodians on our behalf.

SSPC also has custodial services agreements with independent, qualified custodians which will help pay for business consulting and professional services received by Advisor's related persons. The products or services provided by our Custodians may assist SSPC in managing and administering Client accounts, including accounts not maintained at one of the other custodians. Other services made available by our Custodians are intended to help SSPC manage and further develop its business enterprise. The benefits received by SSPC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to a particular custodian. As part of its fiduciary duties to clients, SlateStone endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SSPC or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of a qualified custodian for custody and brokerage services. (Please refer to Item 14 – Additional Compensation for more information).

Please see Item 14 – For additional information concerning Client Referrals and Other Compensation

ITEM 11 – CODE OF ETHICS

Code of Ethics and Personal Trading

SSPC has adopted a Code of Ethics (“the Code”), the full text of which is available upon request and which serves a number of purposes. First, the Code is designed to assist SSPC in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, SSPC owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with SSPC (managers, officers, and employees) to act with honesty, good faith, and to deal fairly with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for SSPC’s associated persons. Under the Code’s Professional Standards, SSPC expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, SSPC’s associated persons are not to take inappropriate advantage of their positions relative to SSPC clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, SSPC’s associated persons may invest in the same securities recommended to clients. Under its Code, SSPC has adopted procedures designed to reduce or eliminate potential conflicts of interest. The Code’s personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting, and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Overall, the Code of Ethics sets forth the standards of business conduct expected of the Firm’s Supervised Persons and reflects an advisor’s fiduciary obligations to his or her clients. It also sets forth policies and procedures that are designed to reasonably ensure that persons subject to the Code of Ethics do not use any investment-related information about the Firm’s clients for personal gain or in a manner detrimental to the interests of the clients. The Code of Ethics is reasonably designed to prevent the unlawful use of material, non-public information by SSPC or any of its Associated Persons. The Code of Ethics also requires that Associated Persons report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and private placements. SSPC and its Associated Persons shall also comply with applicable laws and avoid conflicts with client transactions and at all times must put the best interest of the client ahead of their own.

SSPC’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting the firm’s CCO Sharon Daniels, at 561-244-2504 or Info@SlateStone.com.

ITEM 12 – BROKERAGE PRACTICES

Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, SSPC seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, SSPC may use or

recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of SSPC's clients. Therefore, research services received may not be used for the account for which the particular transaction was affected.

SSPC recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC; or Fidelity Brokerage Services ("Fidelity"), member NYSE, SIPC or TD Ameritrade, Pershing Advisor Services ("Pershing"), member FINRA, SIPC, NYSE through a sub-advisory relationship; (together, the "Custodians") will serve as the qualified custodians to maintain custody of clients' assets. SSPC will also execute trades for client accounts at the Custodians, or may in some instances, consistent with SSPC's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although SSPC may recommend that clients establish accounts at the Custodians, it is ultimately the client's decision to custody assets with the Custodians. SSPC is independently owned and operated and is not affiliated with the Custodians.

The Custodians provide SSPC with access to their institutional trading, custody, reporting and related services, which are typically not available to the Custodians' retail investors. The Custodians also make available various support services. Some of those services help SSPC manage or administer our clients' accounts while others help SSPC manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. The Custodians' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For SSPC client accounts maintained in their custody, the Custodians generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Custodians or that settle into the Custodians' accounts. The Custodians also make available to SSPC other products and services that benefit SSPC but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of SSPC accounts, including accounts not maintained at the Custodians.

The Custodians' products and services that assist SSPC in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of SSPC's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The Custodians also offer other services intended to help SSPC manage and further develop its business enterprise. These services may include: (i) technology, compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. The Custodians may make available, arrange, and/or pay third-party vendors for the types of services rendered to SSPC. The

Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SSPC.

The Custodians may also provide other benefits such as educational events or occasional business entertainment of SSPC personnel. In evaluating whether to recommend that clients custody their assets at the Custodians, SSPC may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians, which may create a potential conflict of interest.

The firm will conduct at least annually a Best Execution Review which shall be summarized to include the overall effectiveness of the Brokers' overall performance for the clients of the firm.

Research and other Soft Dollar Benefits

Once fully registered, SSPC will enter into a soft dollar agreement with Charles Schwab.

Schwab Institutional pays third parties to provide SSPC other products and services ("soft dollar benefits") that benefit SSPC but may not directly benefit its clients' accounts. Federal securities law provides a "safe harbor" which allows an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Soft dollar benefits are given by brokers to money management firms in return for the money manager's client transaction business. Client transaction business generates commissions for brokers. The brokers agree to use a portion of the client commissions to pay for certain products and services that the money manager designates, such as research reports and other products that assist with investment decision making. Soft dollar benefits are not limited to clients whose transactions have generated the benefit, although certain soft dollar allocations are connected to particular clients or groups of clients. As well, soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

SSPC obtains the following types of products and services from third parties through Soft Dollar arrangements with Schwab:

- Investment analysis software that assists with the calculation of performance and risk analytics, peer group analysis, style attribution, manager search, asset allocation and custom reporting, portfolio construction and optimization and Monte Carlo simulations.
- Software to facilitate trading and rebalancing of our clients' securities portfolios as well as enhance investment decisions by providing tax-efficiency information, style drift reports and sample model portfolio construction and analysis.
- Programs that provide access to the largest investment databases in the industry, collecting data directly from primary sources and running it through extensive checks for accuracy. This program also allows access to the industry's best bond information.

- Programs that provides due diligence information on third-party advisors and managers including but not limited to the Real Estate Operators. This is valuable research information when recommending alternative operators for the clients of SSPC.

When SSPC uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products, or services. Consequently, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

Directed Brokerage

Clients may direct SSPC to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that SSPC has with the Custodians is designed to maximize efficiency and to be cost-effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing SSPC to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with SSPC that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Investment Allocation and Trade Aggregation

The overriding principle governing SSPC's allocation and aggregation process is the fair and equitable treatment of all clients in the allocation of investment opportunities, the aggregation of client orders, and resulting allocation of securities or transaction proceeds. The Investment Policy Committee and the firm's CCO monitors the trading allocation procedures on a regular basis, as does the firm's Trader.

The SSPC trading department prioritizes the release of trading orders with respect to its advised separate accounts as follows:

1. Discretionary accounts that do not have restrictions. Restrictions may include deviations due to

specific cash needs or liquidity, tax-implications, security-restrictions, unsupervised holdings etc);

2. Accounts with restrictions that require manual intervention to process trades; Restrictions may include deviations due to specific cash needs or liquidity, tax-implications, security-restrictions, unsupervised holdings etc);

3. Accounts with directed brokerage arrangements (i.e., clients that choose to custody their assets outside of the Custodians);

4. Non-discretionary accounts that require a client's pre-approval of trades.

Due to the sequence of placing trades for accounts, it is possible that accounts that are traded first may receive more favorable pricing than accounts that are traded last.

Trade Aggregation

The Firm may aggregate orders for its advised accounts to reduce transaction costs and facilitate efficient execution of client orders in the same securities on the same day. In the event that a trade is partially completed, the Firm will allocate the executed portion of the transaction on a pro rata basis among participating accounts. The participating accounts will receive the average price and transaction costs will be assessed at the broker-dealer's commission rate applicable to each account.

The Firm will document the allocation of its bunched orders and review them at least annually to ensure that all clients receive fair and equitable treatment. Written approval from the CCO is required for any departures from the stated allocation process. Deviations may occur for good cause and would include, timing and receipt of specific client instructions, client-specific investment objectives, policies, or restrictions; or inadequate number of shares to justify the processing expenses (e.g., a client would receive a de minimis allocation). If an error is made during the allocation process, it shall be noted with the correct allocation. Client account performance and purchase and sale journals shall be periodically reviewed to ensure that no client or group of clients are being favored or harmed in the selection and allocation of investment opportunities.

Employee Participation in Aggregated Trades: The Firm has various strategies that, depending on suitability and client objectives, may be assigned to client accounts and also to related persons' accounts who have engaged the Firm as an adviser. From time to time, these clients and related persons accounts will be rebalanced to account for changes in the strategy or to account for the change in ratio of assets that results from contributions and withdrawals of capital to or from the accounts. The purpose of these rebalancing transactions is to bring each account's exposure to a commonly held investment into line with the account's percentage of total assets under management. An account may be a purchaser or seller in such rebalancing transactions, and trades will be aggregated for all clients and related persons. If the entire block order is not filled, then the trader will allocate the fills on a pro rata basis with covered person accounts receiving no shares or units.

Trade Rotation

Generally, trades will be aggregated for each group of participating client accounts that share a common custodian. SSPC places the orders for aggregated block trades through a rotation of the executing

custodians so that no group is damaged or disadvantaged over time by the timing of the executions.

Agency Cross Transactions

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction (SEC Rule 206(3)-2(b)). Agency cross transactions typically may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. The Firm has no affiliated broker-dealer and accordingly, its policy and practice is that the firm may not engage in agency cross transactions.

Cross Transactions

A cross trade is a transaction between two accounts managed by the same investment adviser. Cross trades can be executed by an adviser either on a direct or indirect basis. In a direct cross transaction, securities are transferred from the account of one client to that of another client. In an indirect cross trade, purchase and sale orders for the same securities are placed for execution through an unaffiliated broker-dealer, usually with no or minimal commission expense. Section 206(3) of the Adviser's Act prohibits any adviser from engaging in or effecting an agency transaction with a client without disclosing in writing to the client, "before the completion of such transaction," the capacity in which the adviser is acting and obtaining the client's consent.

It is the Firm's policy to engage in cross trade transactions only in accordance with its fiduciary duty to seek to receive the best available execution on behalf of its clients. All cross trades must receive the prior written approval of the Firm's Chief Compliance Officer. The firm does not generally engage in cross transactions.

Client Participation in Transactions

In general, investment decisions for each account are made independently from those of other accounts and are made with specific reference to the circumstances and objectives of each account.

A particular account may or may not participate in any specific transaction or may receive allocations of securities or investments that differ from that provided to other accounts, based on a number of factors including, but not limited to, the trade rotation policy, previous transactions, account restrictions, account size, tax status, risk tolerance, cash, and liquidity. Although SSPC generally will seek to be consistent in its investment approach for all accounts with the same or substantially similar investment objectives, strategies and restrictions, the act of purchasing, selling or holding a security for one account does not mean it will be purchased, sold, or held for another account. SSPC will transact for some accounts in securities already owned by other accounts. Due to differing market conditions and factors previously cited, SSPC may purchase (or sell) a security on behalf of some accounts that SSPC has sold (or purchased) on behalf of other accounts and may do so at varying prices.

ITEM 13 – REVIEW OF ACCOUNTS

After delivery of the initial financial plan, additional reviews of the plan will be performed at a client's sole discretion and a new financial planning agreement must be executed. SSPC recommends that written

reviews of financial plans be performed annually. More frequent reviews may be recommended due to significant changes in a client's goals and/or objectives. Such reviews are conducted by the investment advisor representatives and Dave Costigan along with other senior planner personnel of SlateStone Wealth through the Intercompany agreement. Clients are advised that they have the responsibility to promptly notify us if their financial situation, goals, or investment objectives change for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

Review of Advisory Accounts

Managed portfolios are reviewed at least annually but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by SSPC. These factors generally include, but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Sherri Daniels, Dave Costigan, Robert Levin, and Troy Sorel are responsible for reviewing accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, SSPC provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. SSPC will provide additional written reports as needed or requested by the client.

Diminished Capacity/Suspected Fraud

In the event the Advisor believes the client is acting in a state of diminished capacity or suspects a third party is fraudulently directing the client in such a way that would financially harm the client, the Advisor reserves the right not to transact an investment, withdrawal, or deposit. The Advisor will then report the incident to the proper authorities. Clients may wish to designate a trusted contact that the advisor can contact on the client's behalf in case of diminished capacity or suspected fraud.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

As noted above, SSPC receives an economic benefit from the Custodians in the form of support products and services it makes available to SSPC and other independent investment advisors that have their clients maintain accounts at the Custodians. These products and services, how they benefit our firm, and the related conflicts of interest are described in Item 12 - Brokerage Practices. The availability of the Custodians' products and services to SSPC is based solely on our participation in the programs and not in the provision of any particular investment advice.

SSPC has a policy that allows us to accept clients referred by affiliated and unaffiliated solicitors and to pay these solicitors a percentage of our collected investment advisory fees without any additional charge to the client. This arrangement is not exclusive between SSPC and the solicitors and we may accept or reject any prospective client. We require each solicitor to disclose its relationship with SSPC as well as our compensation arrangement in writing to the client and SSPC complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Client Referral Arrangements

If a client is introduced to SSPC by a solicitor, SSPC will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from SSPC's investment management fee or wealth management enhanced services fee and shall not result in any additional charge to the client. If the client is introduced to SSPC by a solicitor, the solicitor, at the time of the solicitation, shall provide each prospective client with a copy of SSPC's Form ADV Brochure and a written disclosure statement disclosing the terms of the solicitation arrangement between SSPC and the solicitor, including the compensation to be received by the solicitor from SSPC.

At least annually, the firm will review all the third-party referral arrangements.

SSPC is also paid a referral fee by other advisors when it refers individuals and other entities to those advisors. Such referrals are provided when the individual or entity does not meet the minimums to become an SSPC client, or SSPC does not provide the type of services requested. The individual or entity is not charged an additional fee for the outside advisor's compensation to SSPC.

Sub-Advisory Engagements.

SlateStone Private Client will serve as a sub-advisor to affiliated and unaffiliated registered investment advisors (referring advisor) according to the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the referring advisor that engages the Firm's sub-advisory services maintains both the initial and ongoing day-to-day relationship with the underlying client, and/or programs. In a sub-advisory relationship, the referring adviser is responsible for the recommendation and selection of SlateStone on behalf of the client and has the ability to remove the client's assets from SlateStone's sub-advisory management at their discretion. SlateStone's sub-advisory services can also include acting solely in the capacity of a trade signal provider to assist the introducing adviser with the development and recommendation of appropriate investment opportunities in our *Strategic Portfolio strategies*, the *Custom Portfolios* for their separately managed client accounts.

ITEM 15 – CUSTODY

SSPC has established procedures to ensure all client funds and securities are held at an un-affiliated qualified custodian in a separate account for each client under that client's name. Account statements are delivered directly from the qualified custodian to each client at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from SSPC. On occasion the reports may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. When clients have questions about their account statements or do not receive an account statement, they should contact SSPC or the custodian preparing the statement.

It is not required that SSPC have a surprise audit or file an ADV-E solely for the purpose of being able to debit advisory fees or due to certain Standing Letters of Authorization.

ITEM 16 – INVESTMENT DISCRETION

As described in Item 4 - Advisory Business, SSPC will accept clients on either a discretionary or non-

discretionary basis. For discretionary accounts, a Limited Power of Attorney (“LPOA”) is executed by the client, giving SSPC the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and the withdrawal of advisory fees directly from the account. SSPC then directs investment of the client’s portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with SSPC and the requirements of the client’s custodian.

For non-discretionary accounts, the client also generally executes an LPOA, which allows SSPC to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between SSPC and the client, SSPC does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to SSPC’s agreement with the client and the requirements of the client’s custodian.

ITEM 17 – VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. Clients are responsible for instructing each custodian, generally on the custodian’s account opening documentation, to send them copies of all proxy communications relating to the client’s investment assets. The firm will receive class/corporation action information. We may provide clients with consulting assistance regarding proxy issues.

For various reasons the firm may have been instructed to vote proxies on behalf of the client. To accommodate those clients who wish us to vote their Proxy, SlateStone has engaged the firm Broadridge who will collect and vote client proxy. SSPC will ensure that Broadridge follows the proxy voting guidelines listed below.

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

Where authorized to vote proxies, the client will instruct the custodian, generally on the custodian’s account opening documents, to send the copies of all proxy communications relating to the client’s investment assets to Broadridge on behalf of the firm. The client will be able to receive duplicate informational communications. In situations where the firm votes proxies, the firm, through Broadridge will maintain policies and procedures in writing that will reasonably ensure:

- o The adviser votes in the Best Interest of the Clients
- o Material conflicts between the firm’s interests and those of its clients with respect to proxy voting will not harm the client
- o Disclosure of how the client can obtain the voting information
- o Maintenance of records on how the Proxies were voted

If the firm, through Broadridge does vote proxies the following guidelines will be followed:

- Proxies will be voted in a timely manner.
- SSPC will maintain records of each proxy vote, by client, and will adhere to the SEC's five-year record retention requirements governing proxy voting.
- In order to satisfy its fiduciary duty by casting proxy votes consistent with the best interests of its clients, client interests will always take precedence over SSPC's interests.
- Routine matters: it is the general policy of SSPC to vote in the best interest of the client
- Non-recurring extraordinary matters: generally, best practices for corporate governance and protection of shareholder's authority will be accepted. Generally, value dilution and reduction of shareholders' power or interests will be rejected.

Client Proxy Voting Policies

If a client has a proxy-voting policy and instructs us to follow it, we will comply with that policy except when doing so would be contrary to the client's economic interest or otherwise imprudent or unlawful. As a fiduciary to ERISA plans, we are required to discharge our duties in accordance with the documents governing the plan (insofar as they are consistent with ERISA), including statements of proxy voting policy. We will, to the extent possible, comply with each client's proxy voting policy.

SSPC's Policies for Class Action Lawsuit Participation

A class action lawsuit is a lawsuit brought by one party on behalf of a group of shareholders all having the same grievance with a company in an effort to obtain a monetary compensation.

The Firm recognizes that as a fiduciary it has a duty to act with the highest obligation of good faith, loyalty, fair dealing, and due care. When a recovery is achieved in a class action, investors who owned shares in the company subject to the action have the option to either: (1) opt out of the class action and pursue their own remedy; or (2) participate in the recovery achieved via the class action. Collecting the recovery involves the completion of a Proof of Claim form which is submitted to the Claims Administrator. After the Claims Administrator receives all Proof of Claims, it dispenses the money from the settlement fund to those persons and entities with valid claims.

If "Class Action" documents are received by the Firm for a private client, i.e. separate managed account, the Firm will gather any pertinent information it has and forward to the client, to enable the client to file the "Class Action" at the client's discretion. The decision of whether to participate in the recovery or opt-out may be a legal one that the Firm is not qualified to make for the client. Therefore, the Firm generally will not file "Class Actions" on behalf of any client.

The Adviser is not responsible for processing, documenting, or monitoring class actions on behalf of the client. However, as a courtesy to the Client, SSPC may assist or prepare the paperwork to file the class action on behalf of the client, providing it is readily available and financially feasible to do so for the clients of SSPC, as determined by the Investment Committee and processed by SSPC's Trader, and reviewed at least periodically by the CCO or her designee.

Client Requests for Information

Clients may contact SSPC to obtain, free of charge, a copy of SSPC's proxy voting policy and/or information with respect to specific proxy votes. In response to any request, the firm's Chief Compliance

Officer or nominee will prepare a written response to the client with the information requested, and will include the name of the issuer, the proposal voted upon, and how SSPC voted the client's proxy with respect to each proposal.

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. SSPC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.