

Applicant:  
**Nauset Wealth Management, LLC**

SEC File Number:  
801-

Date:	1/16/2009
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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

IRS Empl. Ident. No.:

**Nauset Wealth Management, LLC**

06-1582963

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 1

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

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<b>1.A.(3)</b>	<p>A. Large accounts usually in excess of \$5,000,000 in billable asset value. B. Fixed income (bonds) only accounts. C. Account with limited investment choices, such as a 401(k). D. Accounts which receive no financial planning advice.</p> <p>The account values of related family members might be combined for billing purposes.</p> <p>Fees for Wealth Management Services are usually billed at the end of a quarter for the quarter just completed. Calculation of each client quarterly fee is based upon the end-of-quarter valuation report prepared by Nauset Wealth Management, LLC and sent to each client for review. Upon termination a pro-rated fee is charged for the portion of the current quarter according to the applicable fee schedule. A client may terminate the Wealth Management Agreement at any time.</p>	
	<p><b>Special Investment Counsel Services</b></p> <p>Special Investment Counsel Services are highly customized and commence only after written agreement with a client. These services range in scope and complexity and may include extended additional meetings and consultations with Wealth Management clients, annual review of an unmanaged investment portfolio, the initial asset allocation of an investment account without continuous and regular monitoring, account advice on an intermittent or periodic basis in response to a market event, or related activities. Nauset Wealth Management, LLC may be called upon to perform from time to time by clients.</p> <p>Special Investment Counsel Fee:</p> <p>Hourly Rate: \$250 Minimum Fee: \$1,000</p> <p>In addition, clients may be billed for certain out-of-pocket expenses in connection with Special Investment Counsel Services. The basis for the accumulation of hours shall occur in increments of not less than one-quarter hour each.</p> <p>Fees for Special Investment Counsel Services are billed monthly or at the end of the project as specified in the Engagement Agreement.</p>	
<b>1.A.(7)</b>	<p><b>Financial Planning Services</b></p> <p>Nauset Wealth Management, LLC provides financial planning for some clients. This service is provided on a fee-only basis using an hourly charge or a project fee based on estimated hours. Financial planning services range in scope and complexity and may include retirement planning, tax planning, estate planning, investment planning, insurance planning, capitals needs analysis, and special needs planning.</p> <p>Financial Planning Fees:</p> <p>Hourly Rate: \$250 Minimum Fee: \$1,000</p> <p>In addition, clients may be billed for certain out-of-pocket expenses in connection with Financial Planning Services. The basis for the accumulation of hours shall occur in increments of not less than one-quarter hour each.</p>	

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<b>3.I.(1)</b>	<p>Fees for Financial Planning Services are billed monthly or at the end of the project as specified in the Financial Planning Engagement Agreement.</p> <p><b>Options Contracts</b></p> <p>Nauset Wealth Management, LLC does not usually employ options contracts in investment programs but may, with a client's prior approval, write a covered call on an isolated common stock position to achieve a specified investment purpose.</p>	
<b>4.A.(5)</b>	<p><b>Method of Analysis</b></p> <p>Modern Portfolio Theory ("MPT") deals with the basis for, and methodology of, diversifying investment portfolios to obtain the highest possible return for any given level of risk. The MPT combines assets whose returns are not highly correlated. The components of MPT are; 1) "Expected Risk" as defined by the standard deviation of each asset class, 2) "Expected Return" of each asset class, and 3) Correlation of each pair of asset classes.</p> <p>Nauset Wealth Management, LLC accomplishes this by combining asset classes including domestic and international mutual funds, exchange traded funds, and to a lesser extent, individual equity and fixed income securities. These assets are blended using the above components and methodology to formulate an efficient frontier.</p> <p>There are two axioms that exist with the combination of assets that formulate the efficient frontier; 1) At each level of risk there is no other combination of assets that has a higher expected return, and 2) At each level of return there is no other combination of assets that has a lower expected risk.</p> <p>Sources of Information</p> <p>Nauset Wealth Management, LLC engages in active mutual fund, equity and fixed income research. This includes regular reviews of securities held in client accounts and those which may be included at some future time.</p> <p>Research activity includes the analysis of general economic, industry and corporate conditions with a principal effort to understand the forces that may affect the future value of current and prospective investments. Fundamental and asset allocation tools are primarily used. The firm also purchases research and statistical material prepared by others. In addition, Nauset Wealth Management, LLC utilizes research material provided by brokerage firms to support that which it has developed internally.</p>	
<b>4.C.(5)</b>	<p><b>Margin Transactions</b></p> <p>Nauset Wealth Management, LLC will only engage in margin transactions when specifically instructed to do so by a client and authorized by the client in writing.</p>	
<b>4.C.(6)</b>	<p><b>Option Writing</b></p> <p>Please refer to 3.1. (1) above.</p>	
<b>5.</b>	<p><b>Education and Business Standards</b></p>	

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**PAGE 3**

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<b>6.</b>	<p>The background of the professional investment staff of Nauset Wealth Management, LLC is provided in the response to Item 6. It is anticipated that any individual joining Nauset Wealth Management, LLC in the future will have attained a high degree of expertise in the field of investment management and investment counsel. A baccalaureate degree is required of all professional employees, and a postgraduate degree in business or finance or a minimum of five years business experience.</p> <p><b>Education and Business Background</b></p> <p>Michael R. Lombardo</p> <p>Mr. Lombardo formed Nauset Wealth Management, LLC in February, 2000. He is President, responsible for investment policy and portfolio management as well as financial planning. Prior to forming Nauset Wealth Management, LLC, he was Managing Director of VestMark Strategy Group from 1996 to 2000; a business strategy firm with clients such as OppenheimerFunds, GE Investment Management, GE Financial Assurance, Bankers Trust, Thomson Financial and PIMCO Advisors. Prior to and concurrent with his VestMark experience, he was founder of Nauset Strategic Partners (formerly SMI) from 1990 to 2000, providing marketing consulting to Citibank Private Bank, Citibank Global Asset Management, OppenheimerFunds and Calvert Group, among others. From 1986 to 1988, he was Marketing Manager at Fidelity Investments, responsible for mutual fund and discount brokerage marketing. Mr. Lombardo is a graduate of Brown University, BA in Mathematics and Economics, 1979, and the Wharton School, University of Pennsylvania, MBA, 1981. He was born in 1957.</p>	
<b>7.A.</b>	<p><b>Other Business Activities</b></p> <p>Nauset Wealth Management, LLC provides financial planning services in addition to giving investment advice. See Item 1.A.(7) for description.</p>	
<b>9.E.</b>	<p><b>Participation or Interest in Client Transactions</b></p> <p>The employees of Nauset Wealth Management, LLC may buy or sell securities for their own accounts which are also held by clients of the firm and, further, they may buy or sell securities for client accounts which are owned by themselves. Nauset Wealth Management, LLC has imposed certain restrictions upon such employee's transactions to ensure that each client's interest is given precedence. These include:</p> <ul style="list-style-type: none"><li>• Definition of an employee account to include accounts of the employee's family over which he exercises control or any accounts over which he has a beneficial interest.</li><li>• Prohibitions of a security transaction in an employee account if one can reasonably construe intent to gain a direct benefit from client transactions.</li><li>• Precedence given to client transactions when client and employee trade occurs in the same security on the same day.</li><li>• Review of all employee security transactions by a designated officer of the firm to ensure compliance with the letter and the spirit of the "client first" policy.</li></ul> <p>The above information is part of the Nauset Wealth Management Code of Ethics. The Code reflects fiduciary principals that govern the conduct of Nauset Wealth Management and its supervised persons in those situations in which Nauset acts as an investment advisor as defined</p>	

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**PAGE 4**

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<b>10.</b>	<p>under the Advisors Act in providing investment advice to its clients. It consists of an outline of policies regarding several key areas: standards of conduct and compliance with laws, rules and regulation, protection of material non-public information and securities trading.</p> <p>We will provide a copy of the Code of Ethics to any client or prospective client upon request.</p> <p><b>Conditions for Managing Accounts</b></p> <p>There is a \$250,000 account minimum dollar amount imposed as a condition for accepting and maintaining an account for investment management. Additionally, a minimum annual fee is imposed for each standard investment service offered by Nauset Wealth Management, LLC. These minimums are set forth in the response to Items 1.A. (1), (3) and (7), of this Schedule F.</p>	
<b>11.</b>	<p><b>Review of Accounts</b></p>	
<b>11.A.</b>	<p><b>As to Reviews and Reviewers</b></p> <p>Nauset Wealth Management, LLC conducts reviews of client accounts continuously. These reviews generally focus on investment accounts, but may also include a review of other financial planning issues as appropriate. Working within the firm's investment philosophy and policy guidelines, the reviewer attempts to structure investment portfolios to meet the objectives of each client. Before constructing a client's portfolio, the reviewer attempts to develop a mutual understanding with each client in areas such as the balance of risk and return potential, diversification, investment restriction, tax factors, and intermediate- and long-range goals.</p> <p>Reviews are a two-part process and include:</p> <ol style="list-style-type: none"><li>1) Reviews of the portfolio in the light of the economy, the markets, and individual securities; and</li><li>2) Review of the portfolio with respect to client needs and objectives.</li></ol> <p>The review process reflects the dynamics of the securities markets and the changing circumstances of clients. The reviewer evaluates the relative attractiveness of various asset classes, primarily bonds, common stocks, and cash, and makes shifts in emphasis when deemed timely. Portfolio adjustments are made only when a counselor believes a purchase or sale will enhance the probability of realizing the client's investment goals. Typically, this results from a judgment that a change in holdings will either improve long-range returns or reduce investment risk.</p> <p>All reviews are conducted by the President, who holds all account responsibilities as of July, 2008. The President makes investments for clients accounts by following guidelines set down by the client in their Personal Investment Policy and by Nauset Wealth Management, LLC policies regarding the suitability of securities used for investment in client accounts.</p>	
<b>11.B.</b>	<p><b>As to the Nature and Frequency of Regular Reports</b></p> <p>Nauset Wealth Management, LLC communicates with its clients through a range of reports, telephone calls, letters, emails and regular client meetings. The frequency and type of communication varies from client to client and depends on each client's needs, circumstances,</p>	

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**PAGE 5**

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	and wishes.	
	Wealth Management clients normally receive a monthly statement for each account from the custodian holding their securities, which include an inventory of portfolio assets valued on the statement closing date and a list of all transactions occurring in each account since the prior monthly statement. Clients receive a quarterly portfolio report from Nauset Wealth Management, LLC, as well as a diversification report, an itemization of purchases and sales for the quarter ended, and a year-to-date summary of capital gains and losses.	
<b>12.</b>	<b>Investment of Brokerage Discretion</b>	
<b>12.A.</b>	<b>Authority to Determine</b>	
<b>12.A.(1)</b>	<b>Which securities are to be bought or sold</b>  In order to manage portfolios effectively Nauset Wealth Management, LLC believes it should have unlimited authority to select the securities to be bought and sold. Although not encouraged, a client may, by written advice, prohibit the purchase or sale of specific securities without prior approval.	
<b>12.A.(2)</b>	<b>The amount of the security to be bought or sold</b>  In most accounts Nauset Wealth Management, LLC is given unlimited authority to determine the amount of securities bought or sold. Certain clients by written advice may prohibit the purchase of particular securities or classes of securities if such purchase would cause the amount of such security to exceed a designated amount in the client's portfolio.	
<b>12.A.(3)</b>	<b>The broker or dealer to be used to execute transactions</b>  Nauset Wealth Management, LLC does not hold client securities or other client assets at any time. Clients must, therefore, select a suitable custodian to hold and account for their managed investment assets. Nauset Wealth Management, LLC regularly reviews each client's custody relationship to ascertain its effectiveness, responsiveness, and cost. Discussion of a client's custody arrangement is included in each annual review. If appropriate, Nauset Wealth Management, LLC recommends that clients use Fidelity Investments Institutional Brokerage Group as their custodian.  Designated custodians, agents, or brokers shall not be considered as agents of Nauset Wealth Management, LLC for any purpose. Nauset Wealth Management, LLC reviews each monthly account statement from the custodian, agent, or broker for each of its clients, and reconciles the activity recorded therein to ensure that transactions initiated by the firm have been recorded correctly. However, Nauset Wealth Management, LLC shall not be liable for any act or omission of custodians, agents, or brokers, including without limitations, any misstatements of clients' assets, the cost thereof, or the proper application of dividend or interest payments to the account.  <b>Clients where brokerage is discretionary</b>  Some clients leave the selection of brokers and dealers for securities transactions to Nauset Wealth Management, LLC. The selection of the broker or dealer is generally made according to several factors. Nauset Wealth Management, LLC seeks to obtain quality executions at favorable prices, through responsible brokers or dealers at competitive commission rates.	

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**PAGE 6**

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<b>12.A.(4)</b>	<p>Given Nauset Wealth Management, LLC's use of mutual funds to build certain client portfolios, one critical factor is access to a wide range of no load, no transaction fee funds. Reliability, integrity, and financial condition, as well as operational capabilities and research services are also considered.</p> <p>Based on the aforementioned factors, especially access to a wide range of no load, no transaction fee mutual funds, Nauset Wealth Management, LLC expects to direct most accounts to Fidelity Investments Institutional Brokerage Group. As with all such relationships, this is subject to change based on continuous review of the factors described previously.</p> <p><b>Clients where brokerage is non-discretionary</b></p> <p>Certain clients may designate a particular broker or dealer through which all transactions are to be executed. Usually such clients also elect to custody their accounts at a broker or dealer designated by them. In these cases, Nauset Wealth Management, LLC may not be able to secure the lower commission rates that might have been obtained elsewhere. Periodically, usually at an annual review, the difference in costs resulting from such directed brokerage is reviewed with each client.</p> <p><b>The commission rates paid</b></p> <p>Nauset Wealth Management, LLC expects to manage its clients accounts primarily through Fidelity Investments Institutional Brokerage Services using their standard commission rates. As with all such relationships, this is subject to change based on continuous review of the factors described in response to 12.A.(3). Where appropriate, or at the direction of certain clients, Nauset Wealth Management, LLC will also use other broker-dealers.</p> <p>How Evaluation is Made of the Overall Reasonableness of Brokerage Commissions Paid.</p> <p>Nauset Wealth Management, LLC seeks to determine what levels of commissions are reasonable in the marketplace for transactions executed on behalf of its clients on a continuous basis.</p> <p>Factors included are:</p> <ul style="list-style-type: none"><li>(a) Rates quoted by competing brokers and dealers</li><li>(b) Rates other institutional investors pay based on available public information</li><li>(c) The dollar size and number of shares involved in a transaction</li><li>(d) The complexity of a particular transaction</li><li>(e) The amount and type of business done with a particular firm over time</li><li>(f) The applicable minimum commission rates</li><li>(g) The research services provided to Nauset Wealth Management, LLC for general use in the management of client accounts.</li></ul> <p>Nauset Wealth Management, LLC reviews commission arrangements periodically to ensure that the rates are fair and commensurate with the services rendered to it and its clients.</p>	

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	<p><b>The Role of Brokerage-Provided Research Services.</b></p> <p>Nauset Wealth Management,, LLC receives research services from its brokers. These services provide information on the economy, the securities markets, broad industry and security groups, and individual securities issuers. The firm also receives materials on portfolio strategy and tactics, tax considerations, and other investment matters. Information contained therein is incorporated into the regular research activity conducted by the firm and, when applicable, used to benefit any or all client investment programs.</p> <p>Nauset Wealth Management, LLC could not reasonably expect to produce internally the breadth of in-depth analysis received from brokers. Those research services, and those purchased directly for a fee, provide a valued supplement to internally developed analysis and research.</p> <p>Brokerage-prepared research material comes at a cost usually incorporated into transaction charges—commissions, and the spread above cost on net transactions. Nevertheless, as useful as such research material may be to Nauset Wealth Management, LLC and its clients, the primary considerations in selecting brokers or dealers with whom to enter client transactions are service, execution quality, responsibility, and commission rate. However, after giving weight to these factors, Nauset Wealth Management, LLC may pay commissions in excess of those that another qualified broker or dealer may charge in order to ensure a steady flow of valuable data to include in the investment research process. Nauset Wealth Management, LLC has a policy of not committing a specific amount of commission business to any broker or dealer at any time for research or any other purpose.</p>
<b>12.B.</b>	<p><b>Suggestion of Broker</b></p> <p>Some clients have no brokerage preference. Under such circumstances, Nauset Wealth Management, LLC will assist in the selection of a suitable broker to hold securities and execute trades. At present, these clients will be encouraged to select Fidelity Investments Institutional Brokerage Group for the reasons cited in response to 12.A.(3).</p>