



# **PART 2A OF FORM ADV: FIRM BROCHURE**

March, 2016 | Item 1 Cover Page

**This brochure provides information about the qualifications and business practices of Bingham, Osborn & Scarborough, LLC doing business as B|O|S. If you have any questions about the contents of this brochure, please contact us at (415) 781-8535 or [info@bosinvest.com](mailto:info@bosinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Bingham, Osborn & Scarborough, LLC is also available at [www.bosinvest.com](http://www.bosinvest.com) and on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**





## PART 2A OF FORM ADV: FIRM BROCHURE

### Item 2 – Material Changes

We have updated our firm brochure and brochure supplements previously dated October, 2015 to reflect the adoption of our trade name, B|O|S, to provide mention of our new client portal, B|O|S Compass, to clarify the fees regarding our sub-adviser relationships, to include new personnel, and to reflect other minor clarifications, none of which we consider to be material changes.

You may request a copy of our brochure, at any time and at no charge, by contacting your Client Service Team at 415-781-8535.

Additional information about B|O|S is available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with B|O|S who are registered, or are required to be registered, as investment adviser representatives of B|O|S.



## PART 2A OF FORM ADV: FIRM BROCHURE

### Item 3 -Table of Contents

Item 1 – Cover Page .....	
Item 2 – Material Changes .....	i
Item 3 -Table of Contents.....	ii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 11 – Code of Ethics.....	15
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts.....	20
Item 14 – Client Referrals and Other Compensation .....	23
Item 15 – Custody.....	25
Item 16 – Investment Discretion.....	27
Item 17 – Voting Client Securities .....	27
Item 18 – Financial Information.....	28

### Brochure Supplement



## PART 2A OF FORM ADV: FIRM BROCHURE

### Item 4 – Advisory Business

Founded in 1985, Bingham, Osborn & Scarborough, LLC, doing business as B|O|S, (“B|O|S”) is an independent registered investment adviser providing investment management and advisory services both to individuals and to institutions and nonprofit organizations. For individuals and their families, the firm also provides comprehensive financial planning services that address a wide variety of issues within areas such as estate, tax, insurance and retirement planning generally at no additional fee.

The core of our approach to comprehensive wealth management is the fundamental belief that we must strive to understand the "complete picture" of your financial situation in order to deliver the highest quality financial and investment advice. This includes:

- Understanding your financial goals, needs, lifestyle aspirations and concerns;
- Clarifying your tolerance for risk, in its various forms;
- Taking a broad macroeconomic view of markets and investing opportunities;
- Applying our analytical and disciplined approach to evaluating and controlling risk, and constructing highly diversified portfolios tailored to your goals and preferences; and
- Minimizing the total cost of investing, including expense ratios, fees and taxes.

This is what we call "Investing with Vision" and it is a process we have used and refined for over 25 years.

Approximately 93% of the firm’s business represents advisory work for 923 individual and institutional clients. As of December 31, 2015, B|O|S managed \$2.961 billion of client assets on a discretionary basis and \$220million on a non-discretionary basis.

Investment Management and Reporting Services: B|O|S provides investment management and related reporting services. Our investment management services include portfolio management with a long-term, diversified, controlled-risk perspective and a disciplined approach. Reporting services include periodic written reports (either quarterly or annually) presenting:



## PART 2A OF FORM ADV: FIRM BROCHURE

- Current market values for all investments;
- The percentage breakdown of the portfolio by major securities markets;
- Percentage gain or loss in portfolio value over the measurement period; and
- Returns of relevant market indices.

Your wealth management team monitors your portfolio regularly and recommends portfolio adjustments based on a number of factors including our research and analysis, changes in market conditions, and changes in your personal situation. We develop your investment strategy with your input and agreement and summarize this strategy in an Investment Policy Statement.

Financial Planning Services: The B|O|S financial planning process starts with the gathering of financial information through oral interviews and/or the completion of a financial questionnaire. After this consultation and upon a determined need or request, B|O|S prepares a written plan (a “Strategic Plan”) based on your individual financial needs, goals and tax status. You will receive a copy of this written plan, which is presented and discussed in one or more personal meetings.

A Strategic Plan estimates asset levels and retirement income over a client’s projected lifetime based upon current asset levels, and several assumptions, including life expectancies, savings rate, investment returns, tax rates, and known obligations (such as a mortgage). It may also include segments outlining insurance needs (life, long-term care, etc.), education funding, net worth, or an estate plan strategy review and recommendations, among other items.

Specialized Services: Occasionally, B|O|S may also contract with you to provide specialized services at an hourly rate for complicated financial planning work, consulting or advisory services.



## PART 2A OF FORM ADV: FIRM BROCHURE

Wrap Fee Programs: B|O|S does not participate in wrap fee programs<sup>1</sup>. We may recommend the use of separately managed accounts for certain investments such as municipal bonds and individual stocks. Such investments may incur a fee separate from our management fee.

Client Engagement Agreements: We will prepare an engagement letter for your signature that outlines the terms of B|O|S's relationship with you, the services we will provide, and the fees we will charge.

B|O|S Ownership: B|O|S is 67.5% owned by Boston Private Financial Holdings ("BPFH"), a Boston-based holding company, and 32.5% owned by nine individuals ("Principals") who are employed by and involved in the management of the firm (Carol Benz, John Burns, Dave Campbell, Kevin Dorwin, Jennifer Ellison, Rich Golinski, Jeff Lancaster, Colleen Supran and Aaron Waxman) and three retired Principals of the firm (Bob Bingham, Ed Osborn and John Scarborough). Transfers of ownership between existing Principals, B|O|S and BPFH do occur. B|O|S Principals hold three of the five seats on the B|O|S Board of Managers and BPFH representatives hold the remaining two seats.

BPFH is a public company and also owns part or all of a total of five different affiliates involved in private banking, investment management, and comprehensive wealth management throughout the United States.

All affiliates are operated as independent entities with their own business models and boards of directors. B|O|S has no formal business agreements with any of the affiliates, other than with Boston Private Bank & Trust Company (formerly Borel Private Bank & Trust Company) for trust services.

---

<sup>1</sup> A "wrap fee program" for purposes of the rule is a program under which investment advisory and brokerage execution services are provided for a single "wrapped" fee that is not based on the transactions in a client's account. An investment advisory program under which all clients pay traditional, transaction-based commissions is not a wrap fee program. Similarly, a program under which client assets are allocated among mutual funds is not a wrap fee program because normally there is no payment for brokerage execution. (<https://www.sec.gov/divisions/investment/iaregulation/memoia.htm>)



## PART 2A OF FORM ADV: FIRM BROCHURE

From time to time, we use phrases in our marketing materials that we believe capture key aspects of our investment approach. These phrases include:

Invest with Vision.

Your Financial Future. Our Discipline.

We manage the money you want to keep.®

### Item 5 – Fees and Compensation

B|O|S is compensated for its investment management and financial planning services by a fee calculated as a percentage of the fair market value of your assets under our management according to one of two separate fee schedules. You or prospective clients may ask at any time for information regarding B|O|S compensation.

(1) For individual clients, the percentage fee will be:

<i>Fee</i>	<i>Portfolio Size</i>
1.00% - on portion up to -	\$ 1,500,000
0.75% - on portion over -	\$ 1,500,000
0.40% - on portion over -	\$ 5,000,000
0.25% - on portion over -	\$10,000,000
0.20% - on portion over -	\$25,000,000

*Minimum Consolidated Portfolio Size for New Clients: \$3,000,000*

(2) For institutional clients, the percentage fee will be:

<i>Fee</i>	<i>Portfolio Size</i>
0.75% - on portion up to -	\$ 1,500,000
0.60% - on portion over -	\$ 1,500,000
0.40% - on portion over -	\$ 5,000,000
0.25% - on portion over -	\$10,000,000
0.20% - on portion over -	\$25,000,000

*Minimum Consolidated Portfolio Size for New Clients: \$5,000,000*





## PART 2A OF FORM ADV: FIRM BROCHURE

For individual clients, B|O|S will provide general non-securities financial planning advice on topics which include tax planning, budgetary planning, estate planning, loan refinancing, retirement planning, educational funding and other topics. Such general non-securities financial planning advice is generally included in the annual percentage of assets fee charged to individual clients.

The portfolio value upon which the percentage fee is based will include the current fair market value of all of your investments managed by B|O|S. These may include mutual funds, exchange traded funds (“ETFs”), limited partnerships, fixed and variable annuity accounts, stocks, bonds, and other securities. For purposes of determining the market values, investments for which no market value or market value estimate is readily available will generally be valued at cost or book value.

Fees are billed quarterly in arrears based upon the portfolio value at the end of each quarter. We will prorate the fees for new clients and new accounts for existing clients based on the funding date for each new account. B|O|S does not bill or accept payment of fees in advance.

Following each quarter you will receive a separate statement from us showing the amount of our quarterly fee. Fees will be deducted automatically from your custodial money market account after your quarterly billing packets have been sent to you. We also accept payment by check. Though we take great care in calculating fee amounts, we encourage you to check the accuracy of the fee calculation.

Normally investments are placed through an institutional brokerage account with an independent custodian such as Charles Schwab & Co., Inc. (“Schwab”) or Fidelity Investments Institutional Brokerage Group (“Fidelity”), both of which are FINRA registered national broker/dealers and members of the Securities Investor Protection Corporation (“SIPC”) and the New York Stock Exchange (“NYSE”). The independent custodian will typically charge commissions on the purchase and sale of stocks and bonds, and transaction fees on the purchase and sale of non-commissioned (no-load) mutual funds. Neither B|O|S, nor any of its Principals, are affiliated with these brokerage firms nor share in any of the fees charged by custodians. See Items 12 and 15 for further information. B|O|S’s fees



## PART 2A OF FORM ADV: FIRM BROCHURE

are separate and distinct from the fees and expenses charged by mutual funds which may be suggested by B|O|S for investment. These fees are also separate from any custodial fees. A description of the mutual fund fees and expenses is available in each fund's prospectus. Item 12 further describes the factors that B|O|S considers in selecting or recommending broker-dealers for your transactions and determining the reasonableness of their compensation (e.g., commissions).

In connection with its financial and investment advisory services, B|O|S will make recommendations for the purchase or sale of securities or insurance products. These recommendations will be implemented through your agent or through an agent recommended by B|O|S. B|O|S will receive no commissions or benefits, either directly or indirectly, for such transactions.

B|O|S also provides investment management and reporting services at a different fee schedule to self-directed 401(k), other retirement plans, and outside investment accounts. These services may include recommendations for investment options, assistance in the preparation of employee educational booklets, annual employee seminars, quarterly employee reports on investment performance, annual review meetings with the employer, and periodic recommendations for changes in investment options. These services are provided at an annual percent of assets fee billed quarterly and this fee schedule is available upon request.

B|O|S reserves the right to accept or decline a new client. Fees are generally not negotiable, although B|O|S reserves the right to negotiate special fee schedules under special circumstances. The fee for financial planning work is normally included in the firm's asset management fee, unless the analysis to be done is particularly complicated or your assets under management are below the B|O|S minimum.

B|O|S may contract with you to provide specialized financial planning, investment management, consulting or advisory services for a mutually agreed fee. An estimate of the cost is presented to you for your approval before the work is started and may be an established quarterly fee, an hourly fee, or any other negotiated fee. Hourly fees are billed in arrears for work completed.



## PART 2A OF FORM ADV: FIRM BROCHURE

B|O|S may retain or consult with qualified and properly licensed experts to assist in the preparation of financial plans. Such experts may include investment advisers, benefit planning specialists, and life and disability insurance agents or brokers and will be retained at no additional cost unless specifically disclosed in advance.

Your agreement with B|O|S may be terminated by you without cost or penalty any time upon giving B|O|S written notice. In the case of fees calculated as a percentage of assets under management or otherwise billed quarterly, your fees will be prorated for the final quarter during which B|O|S provided services, and you shall pay only those fees allocated to the period up to the date B|O|S receives written notice of termination of the agreement by you. In the case of services provided at an hourly rate, all hourly fees shall cease to accrue when B|O|S receives written notice of termination. B|O|S will bill you only for work completed up to the time of termination of the agreement.

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

This item is not applicable to B|O|S because neither B|O|S nor any of its Principals or employees accepts performance-based fees (i.e., fees based on a share of capital gains from or capital appreciation of your assets).

### **Item 7 – Types of Clients**

The types of clients to whom we generally provide investment advice include individuals, trusts, foundations, endowments, charitable organizations, corporations or other businesses, pensions and profit sharing plans. As a minimum for providing financial services, B|O|S requires that you have at least \$3,000,000 (individuals) or \$5,000,000 (institutions) in investable assets. This is defined as assets which may be invested or reinvested over the following six months. This requirement may be waived in the case of long-time clients, persons referred to B|O|S by existing clients, persons with whom B|O|S or its Principals or employees have existing or pre-existing relationships, or in situations in which B|O|S believes the prospective client's potential for future financial growth is significant.



## PART 2A OF FORM ADV: FIRM BROCHURE

B|O|S retains discretion to decline management of your or a prospective client's account. In such instances, B|O|S will attempt to provide a suitable alternative adviser recommendation for your consideration.

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

#### Methods of Analysis:

The methods B|O|S uses to analyze investments rely heavily on analytical tools and historical databases of securities prices that we have developed in-house. Our database for U.S. stocks and bonds begins in 1926. We also have databases for many different U.S. and foreign asset classes that begin at later dates.

B|O|S analyzes the historical returns and risk data of many different asset classes and utilizes the results of this analysis when developing portfolio strategy. We examine an investment's performance both in isolation and within the context of a diversified portfolio. We seek investments with different patterns of returns (not 100% correlated) with the goal of reducing portfolio risk.

B|O|S monitors the individual investments utilized in your portfolios on an ongoing basis to ensure that they remain what we believe to be the best choices for you in the context of your investment strategy.

#### Investment Strategies:

Our overarching goal is to develop investment strategies that provide you with the highest probability of achieving your financial goals.

Our approach starts with carefully considering your financial goals, constraints, and risk tolerance. We then develop tailored investment strategies with the goals of generating competitive long-term returns and moderating risk. We prefer low-cost investment vehicles and emphasize an investment selection process that avoids conflicts of interest.

We diversify portfolios among major investment markets that may include:

- U.S. dollar cash instruments;



## PART 2A OF FORM ADV: FIRM BROCHURE

- High-quality U.S. and foreign bonds;
- Specialty U.S. common stocks such as technology and real estate;
- Large company U.S. common stocks;
- Small company U.S. common stocks;
- Foreign stocks (including emerging markets); and
- Commodities (including precious metals such as gold and silver).

In selecting securities to represent these different investment markets, we emphasize two primary criteria: 1) the security should accurately represent the return and risk characteristics of the particular asset class and 2) the security should be cost effective (low cost).

In certain instances, we may also recommend securities with a more specialized purpose such as funds designed with the goal of increasing in value when the stock market declines. Additionally, we may recommend limited partnerships that invest in private deals or loans.

In making investment recommendations or preparing financial plans, B|O|S obtains general information from commercially available services, including services covering taxation, investment companies, real estate investment trusts, stocks and bonds, annuities, market conditions, and historical information and ratings on individual securities. B|O|S may also employ consultants to provide additional expertise in unique situations. Evaluations and quotations on inactively traded issues may be obtained from broker/dealers.

In most cases in which B|O|S recommends the purchase of securities, we recommend purchases of “managed portfolios”, such as mutual funds, ETFs, fixed/variable annuities, and separately managed accounts of individual stocks or bonds (e.g., Breckinridge Capital Advisers, SNW Asset Management, Parametric). Investments in any managed portfolio will incur expenses such as broker-dealer commissions and custodial fees. Investments in mutual funds, ETFs, and annuities will incur underlying fund expenses while investments in separately managed accounts will incur separate account manager fees. These fees and expenses are in addition to B|O|S’s management fees. The fees charged by separate account managers are based upon a percentage of the fair market value of your assets managed by the separate account manager according to the following respective fee schedules:



## PART 2A OF FORM ADV: FIRM BROCHURE

Breckinridge Capital Advisors:

<i>Fee</i>	<i>Portfolio Size</i>
0.20%	for accounts up to \$5 million
0.175%	for accounts from \$5 million to \$10 million
0.15%	for accounts over \$10 million

SNW Asset Management:

0.25% per account with a minimum quarterly charge of \$300.

Parametric Portfolio Associates LLC:

Generally, 0.35% for all accounts under \$10 million.

When analyzing “managed portfolios”, B|O|S evaluates many different factors including (if available):

- Fund manager’s description of investment strategy;
- Historical returns (level and timing of returns, and correlations with their respective asset classes);
- Yield;
- Expense ratio;
- Portfolio turnover rate;
- Assets under management;
- Age of the fund;
- Average market capitalization (equity funds);
- Average maturity/duration (fixed income funds);
- Average credit quality (fixed income funds);
- Country allocation (foreign funds);
- Price to book ratios (equity funds);
- Fund company background and history; and
- Liquidity of the fund and the underlying investments.



## PART 2A OF FORM ADV: FIRM BROCHURE

B|O|S may recommend alternative investments (e.g., limited partnerships, private placements, hedge funds, etc.) although they are not the predominant portion of B|O|S-managed client portfolios. In certain instances, B|O|S may maintain these types of investments on your behalf on B|O|S's portfolio accounting system even though B|O|S has not recommended the particular investment. Because of the difficult nature in pricing these assets, pricing utilized by B|O|S will be determined by the custodian of the assets or, in rare circumstances, as directed by you. B|O|S does not assume responsibility for investment decisions related to alternative investments that B|O|S has not recommended and are not part of B|O|S's list of approved investments.

In addition, certain clients may impose restrictions on the investment in certain securities or types of securities. All such restrictions will be noted in the Investment Policy Statement or documented in internal records.

B|O|S engages in a disciplined, long-term investment approach and does not engage in short-term market timing in an effort to increase portfolio returns. B|O|S has developed an enhancement to our investment approach called the Risk Adjustment Strategy ("RAS") which is designed with the goal of providing additional downside protection in portfolios such that the effect of major and long-lasting bear markets may be partially mitigated. The RAS allows B|O|S to adjust the targeted mix of equities and fixed income in a portfolio when our analytics indicate a heightened risk of a major, prolonged market decline. The RAS is implemented on a client-by-client basis and you are not required to participate in the RAS.

The primary risks associated with the RAS include:

- The possibility of lower portfolio returns than you otherwise would have earned due to "false risk reduction signals" as a result of which B|O|S reduces your stock allocations but the stock market subsequently increases in value; and
- Higher transaction costs due to more frequent transactions and an accelerated realization of capital gains.

In addition, participation in the RAS does not guarantee a smaller loss during major stock market declines, particularly if the market decline occurs over a short period of time.



## PART 2A OF FORM ADV: FIRM BROCHURE

B|O|S recommends the RAS on a client-by-client basis based on our careful consideration of your goals, risk tolerance, and unique circumstances. B|O|S does not charge additional management fees to those who choose to participate in the RAS, but B|O|S does require clients who participate in the RAS to grant us discretionary trading authority in their accounts.

### Risks:

The investment performance of your portfolio is affected by the investment performance of the underlying securities in which the portfolio invests. The ability of the portfolio to achieve its investment objective depends on the ability of the underlying securities to meet their investment objectives and the allocation of the portfolio's assets among the underlying securities. There can be no assurance that the investment objective of your portfolio or any underlying securities will be achieved. Through its investments in underlying securities, your portfolio is subject to the risks of the underlying securities' investments and you can experience losses. Certain risks of the underlying securities' investments are described below.

*Market Risk:* Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the underlying funds that own them, to rise or fall. Because the value of your investment will fluctuate, there is the risk that you will lose money.

*Correlation Risk:* In addition to the potential for individual funds and securities to lose value, there is the risk that correlations between individual funds, securities, and asset classes increase resulting in a decrease in the risk reduction benefits of diversification. In particular, there is a tendency for correlations of different types of risky assets such as stocks to increase during periods of financial stress. As such, portfolio losses can be more severe than would otherwise be the case if correlations had remained at lower levels.

*Foreign Securities and Currencies Risk:* In addition to the basic economic, industry, and company-specific risks inherent in investments, prices of foreign securities may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding





## PART 2A OF FORM ADV: FIRM BROCHURE

foreign securities may also be exposed to foreign currency risk (the risk that the currencies in which these securities are denominated decline in value against the U.S. dollar).

*Small Company Risk:* Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic conditions.

*Value Investment Risk:* Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause your portfolio at times to underperform portfolios that use other investment strategies.

*Emerging Markets Risk:* Numerous emerging market countries have a history of, and continue to experience, serious and potentially continuing economic and political problems. Stock markets in many emerging market countries are relatively small and impose higher transaction costs. Foreigners are often limited in their abilities to invest in, and withdraw assets from, these markets.

*Commodities Risk:* Investing in commodities future contracts through mutual funds and exchange-traded vehicles entails risks unique to this structure. Commodities futures contracts may not accurately track the prices of the underlying commodities. In addition, certain investments that are used to gain exposure to commodities may contain counterparty credit risk. Commodities prices can be highly volatile.

*Interest Rate Risk:* Fixed income securities are subject to interest rate risk as the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. In general, fixed income securities with longer maturities are more sensitive to these price changes.

*Credit Risk:* Credit risk is the risk that the issuer of a security may be unable to pay interest or principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact the performance of a fund that holds the downgraded security. A



## PART 2A OF FORM ADV: FIRM BROCHURE

widespread shift in investors' perceptions of credit risk may impact whole groups of bonds such as municipal bonds, which could lead to greater fund losses.

*Income Risk:* Income risk is the risk that falling interest and/or dividend rates cause a portfolio's income to decline.

*Advising Errors:*

An "advising error" is generally considered to include any situation that (i) results in the portfolio trading instructions given by B|O|S on your behalf not effectuated in substantially the manner intended by B|O|S or by you; (ii) results in the execution of a trade on your behalf that was not intended for you; or (iii) causes a violation of any applicable investment policies or restrictions mandated by you or by law. Errors can occur as part of the investment advisory process, the financial planning process, or the trading process. B|O|S shall make every reasonable effort to control these processes so that, whenever possible, errors are prevented. Errors which do occur should be resolved promptly and any funds due to you will be processed as soon as administratively possible. You will be made whole and shall not pay for the losses associated with errors committed by B|O|S or any broker/custodian recommended by B|O|S.

The internal trade error policies and procedures of each broker/custodian may be different. For accounts held at Schwab, losses are credited to your account or are otherwise reimbursed to you based on your agreement with B|O|S. The portion of gains related to errors in accounts held at Schwab over \$100 are credited to your account while gains of less than \$100, or those related to instances in which you cannot retain the gain, are donated to charity (less any portion kept by Schwab to offset administrative expenses related to correcting the error). For accounts held at Fidelity, losses are credited to your account or are otherwise reimbursed to you based on your agreement with B|O|S. Gains resulting from errors held at Fidelity in taxable accounts are credited to your account and in non-taxable accounts are donated to charity. In fulfilling its duties, B|O|S endeavors at all times to put your interests first and to report and resolve errors in a timely manner. When a custodian other than Schwab or Fidelity is selected, you should familiarize yourself with the custodian's trade error policies.



## PART 2A OF FORM ADV: FIRM BROCHURE

### 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 B|O|S or the integrity of B|O|S's management. B|O|S has no information applicable to Item 9.

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

Please see Item 4 for affiliations and Part 2B for employee certifications.

Four Principals (John Burns, Kevin Dorwin, Jeff Lancaster and Aaron Waxman), one Director (Michelle Soto) and six Portfolio Managers (Joel DeMaria, Daniel Lee, Steven Pitchford, Minnie Sanford, Christine Yee and Barbara Ziontz) of the firm are CERTIFIED FINANCIAL PLANNER™ professionals. Four Principals (Dave Campbell, Jennifer Ellison, Rich Golinski, and Colleen Supran), one Director (Freda Zietlow), two Portfolio Manager (Daniel Lee and Peter Yoon) and an Investment Analyst (Jeff Blanchard) of the firm hold the Chartered Financial Analyst® designation. Two Principals (Carol Benz, whose CPA is in inactive status, and Aaron Waxman) and one Portfolio Manager (Steven Pitchford) of the firm are Certified Public Accountants in the State of California. John Burns holds the Retirement Income Certified Professional® designation and Michelle Soto holds the Certified Divorce Financial Analyst® designation. Scott Goldsmith holds the Certificate in Investment Performance Measurement™ designation. Peter Yoon is a licensed Life-Only insurance agent while Barbara Ziontz is a licensed Life-Only and Accident and Health insurance agent. Both employees are licensed as insurance agents in order to serve as a technical resource for you on matters of insurance; neither employee nor B|O|S earns any commissions as a result of this licensing.

### Item 11 – Code of Ethics

From time to time, Principals and employees of B|O|S may recommend mutual funds or other securities which Principals and employees of B|O|S have purchased or intend to purchase for their personal accounts. In fact, the firm's Principals generally purchase for their own accounts, to the extent consistent with their goals and objectives, the same investments recommended to you in similar circumstances. In most cases, such purchases



## PART 2A OF FORM ADV: FIRM BROCHURE

will involve publicly traded mutual funds. However, they may also involve purchases or sales of individual equities or bonds or alternative investments. If a conflict of interest occurs, your interest will prevail. It is the policy of B|O|S that priority will always be given to your orders over the orders of an employee of B|O|S.

To address any potential conflicts of interest involving personal trades, B|O|S has adopted a Code of Ethics, which includes formal personal trading and insider trading policies and procedures. B|O|S's Code of Ethics requires, among other things, that Principals, employees and consultants, non-employee directors, and retired Principals who own units of the firm:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of B|O|S above their own personal interests;
- Adhere to the fundamental standard that one should not take inappropriate advantage of his or her position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the Code of Ethics policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect positively on oneself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws;
- Report any violations of the code promptly to the CCO or another Principal; and
- Provide a written acknowledgment of receipt of the code and any amendments.



## PART 2A OF FORM ADV: FIRM BROCHURE

B|O|S's Personal Trading Policy requires Principals and employees to report personal securities transactions on a quarterly basis and to provide B|O|S with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

B|O|S collects nonpublic personal information about you from the information we receive from you and from your transactions with us or with others. We treat that information as strictly confidential, between you and the firm. Our firm's Privacy Notice and Model Privacy Form describe our privacy policies with respect to our clients. We protect nonpublic personal information of non-clients and former clients to the same extent as that of clients and, accordingly, our Privacy Notice and Model Privacy Form apply to any information we collect from you prior to becoming a client, even if you choose not to become a client, and also apply to information of former clients. As set forth in those privacy notices, we do not disclose nonpublic personal information about you to anyone, except as outlined in the Privacy Notice or Model Privacy Form or as permitted by law, without your express authorization.

A copy of B|O|S's Code of Ethics, Privacy Notice and/or Model Privacy Form shall be provided to you or prospective clients upon request by contacting Eileen Gamboa, Compliance Manager, at 415-781-8535.

### **Item 12 – Brokerage Practices**

Your assets must be maintained in an account at a "qualified custodian". "Qualified custodian" is generally defined to include banks, certain broker-dealers, futures commission merchants, and certain foreign financial institutions. As noted earlier, B|O|S may recommend to you that you establish financial adviser brokerage accounts with Schwab or Fidelity. These accounts allow you to buy and sell "no-load" mutual funds and other securities at low commission rates. Although B|O|S may recommend that you establish accounts at Schwab or Fidelity, it is your decision to custody assets with Schwab or Fidelity, or a custodian of your choice. B|O|S is independently owned and operated and is not affiliated with Schwab or Fidelity. Neither B|O|S, nor any of its Principals, share in any of the commissions or fees charged by a custodian. You will open your account with your custodian by entering an account agreement directly with them.



## PART 2A OF FORM ADV: FIRM BROCHURE

In addition to brokerage services, Schwab and Fidelity provide you with custodial, recordkeeping and research services. B|O|S, on a periodic and systematic basis, reviews its brokerage relationship with Schwab and Fidelity (and any other brokers utilized to execute your trades) to ensure that each is fulfilling its fiduciary duty to seek best execution on your transactions.

B|O|S does not actively trade in individual securities, but at times will sell securities on your behalf in order to comply with your Investment Policy Statement. Since these transactions are executed at different times for different clients, B|O|S generally does not bunch these transactions.

In addition, B|O|S does not cross trades between client accounts in the ordinary course of business.

Other than establishing financial brokerage accounts with an independent custodian, B|O|S does not recommend specific brokers to you. However, depending upon your needs, B|O|S may recommend a particular broker such as a full-service broker or a discount broker. B|O|S may provide the names of several companies in each category for you to investigate upon your request. Even though your account is maintained at one custodian, we can still use other brokers to execute trades for your account. Schwab or Fidelity may charge you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that is executed by a different broker–dealer but for which securities bought or funds from securities sold are deposited (settled) into your Schwab or Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. In order to minimize your trading costs, we have Schwab or Fidelity execute most trades for your account.

If B|O|S recommends a broker or custodian to you, we consider the following factors, among others:

- Transaction execution services provided;
- Asset custody services provided;
- Record keeping services provided;
- Cost of services provided and willingness to negotiate such costs;
- Order flow sent to the broker-dealers;



## PART 2A OF FORM ADV: FIRM BROCHURE

- Timeliness of execution;
- Timeliness and accuracy of trade confirmations;
- Liquidity of the securities traded;
- Research services provided;
- Client direction;
- Execution facilitation services provided;
- Infrequency and correction of trading errors;
- Availability of products and services;
- Quality of services;
- Ability to access a variety of market venues;
- Expertise as it relates to specific securities;
- Intermediary compensation (commissions and spreads);
- Prior service to us and our clients;
- Reputation, financial condition, stability; and
- Business reputation.

In addition, B|O|S may take into account the availability of some of the products, services and other arrangements described in Item 14, which may create a potential conflict of interest.

If you choose to direct your brokerage, you should be aware of the following limitations placed upon B|O|S:

- B|O|S will not seek better execution services or prices from other broker-dealers or be able to aggregate your transactions for execution through other brokers or dealers with orders for other accounts advised or managed by B|O|S; and
- B|O|S may not obtain best execution on your behalf, and you may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case.



## PART 2A OF FORM ADV: FIRM BROCHURE

If you request a specific broker/custodian relationship, B|O|S may require the execution of a Directed Brokerage agreement.

Your accounts maintained in custody at Schwab or Fidelity will not be charged separately for custody. Rather, Schwab and Fidelity will receive compensation from you in the form of commissions or other transaction-related compensation on securities trades executed through them. We will generally trade for your account with Schwab or Fidelity, but there may be situations in which we trade with other brokers in order to facilitate a specific transaction(s); in these instances, Schwab and Fidelity will also receive a fee. All trading decisions are subject to B|O|S's duty to seek best execution.

See Item 14 for a description of the benefits B|O|S may receive from Schwab and Fidelity.

### **Item 13 – Review of Accounts**

Reviews of your accounts are conducted by B|O|S in the following ways:

- (1) Monthly reviews of market allocations.

B|O|S produces a monthly report showing the major market allocations for your consolidated accounts, in percentages. Those percentage allocations are reviewed to determine if they are consistent with the portfolio's goals as set forth in the Investment Policy Statement. Any major variances from the portfolio's goals or policies may trigger a more extensive review of the portfolio and could lead to recommended changes in the portfolio's market allocations.

- (2) On-going reviews of investments.

The investment committee of the firm (consisting of Rich Golinski, Jeff Lancaster, and Jeff Blanchard) monitors the performance of securities used in your portfolios on a weekly basis. In addition, these investments are monitored on an ongoing basis to determine whether they continue to meet the firm's criteria for inclusion or retention in your portfolios. Securities with unusual performance or other changes may trigger more detailed reviews and changes may be made as deemed appropriate.





## PART 2A OF FORM ADV: FIRM BROCHURE

- (3) Six month reviews of your accounts.

Approximately every six months or as deemed necessary, your portfolios are reviewed in detail. This review may result in recommended changes to market allocations or individual holdings.

- (4) Annual reviews of your accounts.

Approximately every twelve months, your portfolios are subject to a formal annual review undertaken by your client service team. These reviews are generally presented to you in a meeting.

- (5) Shift in securities markets, investment strategy, or personal circumstances.

In addition to the regularly scheduled reviews outlined above, reviews of accounts may be triggered by a major shift in securities markets, a change in the firm's investment strategy, or by a change in your circumstances, such as a career change, home purchase, birth of a child or other events. B|O|S depends upon you to notify us of any such developments.

All of your accounts are managed pursuant to a team approach generally involving at least two investment professionals. The firm has eight client-facing Principals and currently employs two directors, eight portfolio managers, one client service supervisor, one portfolio associate six portfolio administrators, and one portfolio assistant. Twenty-four investment professionals share investment management responsibility. The firm has an approximate ratio of one professional to thirty-nine clients.

B|O|S provides quarterly reports which include:

- (1) A discussion of the recent performance of major securities markets;
- (2) Current market values for all accounts;
- (3) A percentage breakdown of the portfolio by major markets; and
- (4) A calculation of year-to-date returns on investment.

Your annual performance review includes:

- (1) Current market values for all accounts;
- (2) A percentage breakdown of the portfolio by major markets and security types;



## PART 2A OF FORM ADV: FIRM BROCHURE

- (3) A calculation of the overall return on investment for the full prior calendar year and the current year to date;
- (4) A breakdown of return on investment for each major market segment of the portfolio; and
- (5) Market index performance data for comparison.

In late 2015, the firm launched B|O|S Compass, a private, web-based portal that provides B|O|S clients and professionals who service B|O|S clients with a place to view portfolio and benchmark information, use financial reports and tools, and exchange important documents with B|O|S. Because it is web-based, B|O|S Compass is available anywhere at any time.

The following information is available through B|O|S Compass:

- Portfolio & Benchmark Information
- Portfolio Allocations
- Portfolio Market Value for Household and Accounts
- Summary Statement – A complete picture of your holdings, accounts, and performance as of the most recent quarter-end
- Archived Summary Statements – Summary Statements for a previous quarter or year, available from December 31, 2010.

The information presented in B|O|S Compass is updated every business day by 10:00 AM PST, and is presented as of the close of the previous business day unless noted otherwise.

Periodic communications may also include recommendations for new investments or changes in existing investments.

In addition to the above reports, you receive a monthly report showing account values and activity in each account independently from your custodian.

B|O|S will also periodically prepare financial plan updates as part of its financial planning services.



## PART 2A OF FORM ADV: FIRM BROCHURE

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

B|O|S does not currently maintain any formal soft dollar arrangements. However, Schwab and Fidelity provide B|O|S with proprietary research. B|O|S has determined that it would obtain this service regardless of the amount of commissions it generates at Schwab and Fidelity throughout the year. Therefore, B|O|S is not “paying-up” for proprietary research.

As noted above, B|O|S may recommend that you establish brokerage accounts with Schwab or Fidelity to maintain custody of your assets and to effect trades for your accounts. B|O|S has no affiliation with Schwab or Fidelity and receives no remuneration from Schwab or Fidelity, either directly or indirectly. Schwab and Fidelity may provide services of value to you and B|O|S; these are described in more detail below.

Schwab or Fidelity provides B|O|S with access to its institutional trading, custody, reporting and related services, many of which are not typically available to Schwab or Fidelity retail investors. Schwab or Fidelity also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them.

*Services That Generally Benefit You:* Schwab or Fidelity’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab or Fidelity include some to which you might not otherwise have access or that would require a significantly higher minimum initial investment.

*Services That May Not Directly Benefit You:* Schwab or Fidelity may make available to B|O|S other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and include investment research, both Schwab’s or Fidelity’s own research and that of third parties, that we may use to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, Schwab or Fidelity generally makes software and other technology available to the firm that:



## PART 2A OF FORM ADV: FIRM BROCHURE

- Provides access to client account data (such as duplicate trade confirmations and account statements);
- Facilitates trade execution;
- Provides pricing and other market data;
- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

*Services That Generally Benefit Us:* On occasion, Schwab or Fidelity provides B|O|S with information and services intended to help B|O|S manage and further develop our business enterprise. Schwab or Fidelity may provide these services themselves or may arrange for third parties to provide the services. These services may include:

- Educational conferences and events;
- Consulting on various topics such as information technology, compliance, strategic, legal, and business needs;
- Presentations, consulting, publications and conferences on various topics such as regulatory compliance, practice management, human capital, and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

In addition, Schwab or Fidelity may make available or arrange services related to client appreciation events, presentations, and B|O|S business development efforts. Schwab or Fidelity may discount or waive fees it would otherwise charge for some of these services or may pay all or a part of the fees of a third party providing these services to B|O|S. Schwab or Fidelity may also provide other benefits such as education events and/or occasional business entertainment of B|O|S personnel.

The availability to B|O|S of the foregoing products and services is not contingent upon B|O|S committing to Schwab or Fidelity any specific future amount of business (assets in custody or trading) or upon B|O|S giving any particular investment advice. However, the terms of any alternative pricing that apply to B|O|S or our clients will generally be based upon the nature and scope of business that B|O|S transacts with Schwab or Fidelity



## PART 2A OF FORM ADV: FIRM BROCHURE

Your accounts maintained in custody at Schwab or Fidelity will not be charged separately for custody. Rather, Schwab and Fidelity will receive compensation from you in the form of commissions or other transaction-related compensation on securities trades executed through them. We will generally trade for your account with Schwab or Fidelity, but there may be situations in which we trade with other brokers in order to facilitate a specific transaction(s); in these instances, Schwab and Fidelity will also receive a fee. All trading decisions are subject to B|O|S's duty to seek best execution.

B|O|S may recommend that you invest in the investment products offered by Dimensional Fund Advisors ("DFA"). In the past, DFA paid a third party to provide B|O|S with a consulting service intended to help B|O|S manage and further develop its business enterprise. DFA currently facilitates periodic industry best practices discussion meetings in which B|O|S participates. DFA's payment for these services is not contingent upon B|O|S recommending any DFA investment products.

### **Item 15 – Custody**

Investments made by you through B|O|S will be registered in your name and placed in an institutional brokerage account(s) with an independent, qualified custodian such as Schwab, Fidelity, or TD Ameritrade (as defined in Item 12). You will have the opportunity to agree to the selection of the custodian and you will open your account with your custodian by entering an account agreement directly with them. We will have the limited power and authority on the account(s) to execute trades, deduct our fees, and receive duplicate confirmations and statements. We will not have authority to order any dispersal of funds from your account(s) to third parties unless expressly approved by you and we will not serve as the qualified custodian to your account(s).

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct our advisory fees directly from your account. Your custodian maintains actual custody of your assets and you will receive account statements directly from your custodian at least quarterly. These statements will be sent to the email or postal mailing address you provided to your custodian. You should carefully review the statements when you receive them. We also urge you to compare the



## PART 2A OF FORM ADV: FIRM BROCHURE

account statements from your custodian to the periodic portfolio reports you will receive from B|O|S.

B|O|S is not a brokerage firm or qualified custodian, so having direct possession of your investment assets can subject B|O|S to the Securities and Exchange Commission's Amended Custody Rule ("Custody Rule"). The Custody Rule stipulates what constitutes possession, or custody, of client funds or securities. We request that you make all deposits directly to your custodian.

B|O|S may also be deemed to have custody of your specific accounts due to the common ownership of B|O|S and Boston Private Bank & Trust Company, our access to logins and passwords associated with a small number of retirement accounts, or our full power of attorney on select accounts. We are subject to internal control reporting and surprise exam requirements on these specific accounts as specified by the Custody Rule. We engage independent auditors to conduct surprise exams and legal counsel to review operational independence when appropriate so that we would comply with this rule.

Orders for the execution of transactions are typically placed directly with the qualified custodian for your account(s) and, in accordance with the duty to seek best execution, we periodically evaluate the quality and cost of services received from all broker-dealers with whom your orders are executed. Even though your account is maintained at one custodian, we can still use other brokers to execute trades for your account. Although Schwab and Fidelity offer very low, competitive institutional commission rates, you may choose to direct your brokerage to a specific broker of your choice by completing a directed brokerage form that we will supply to you upon your request.

The qualified custodian will charge commissions on the purchase and sale of stocks and bonds and transaction fees on the purchase and sale of non-commissioned (no-load) mutual funds. These fees are in addition to the fees charged by B|O|S and neither our firm nor any of its Principals share in any fees charged by the custodian.



## PART 2A OF FORM ADV: FIRM BROCHURE

### Item 16 – Investment Discretion

*Discretionary Accounts:* Your account(s) may be established as discretionary, meaning that B|O|S may initiate trades without prior authorization by you. If needed, this may include trades to raise cash for the payment of quarterly management fees. You will receive monthly brokerage statements listing all transactions and will also receive quarterly statements from us reviewing account performance. Custodial accounts with your check writing capability will be established as margin accounts. In the event of an overdraft in these accounts, a margin loan will be triggered and interest charges will be incurred on the loan balance.

*Non-Discretionary Accounts:* Your account(s) may also be established as non-discretionary. This means that before we execute any transaction in your account, we will first notify you of the proposed transaction. We shall make investment recommendations to you, and you will make all investment decisions with respect to the investment of the account. You must authorize a transaction before we will execute.

Your client service team will provide all the necessary forms for you to sign so as to grant B|O|S with Limited Power of Attorney (“LPOA”) authority for discretionary and non-discretionary accounts. This LPOA grants B|O|S only trading, limited funds and fee disbursement authority.

Investment guidelines and restrictions must be agreed to with B|O|S in writing.

### Item 17 – Voting Client Securities

As a matter of firm policy and practice, B|O|S does not exercise, vote, or act upon proxies or reorganizations/voluntary corporate actions such as tender offers on your behalf concerning securities held in your accounts. Your accounts are established so that all materials related to proxy voting and reorganizations/corporate actions are sent directly to you. Upon request, however, you may contact us with questions about a particular solicitation.



## PART 2A OF FORM ADV: FIRM BROCHURE

### Item 18 – Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about B|O|S's financial condition. B|O|S has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to you, and has never been the subject of a bankruptcy proceeding.