

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

**PalmerDodge Advisors LLC**

111 Huntington Avenue  
18th Floor  
Boston, MA 02199

Telephone: 617-239-0790  
Email: [dmedina@pdadvisors.com](mailto:dmedina@pdadvisors.com)  
Web Address: [www.pdadvisors.com](http://www.pdadvisors.com)

03/29/2013

This brochure provides information about the qualifications and business practices of PalmerDodge Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 617-239-0790 or [dmedina@pdadvisors.com](mailto:dmedina@pdadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about PalmerDodge Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 125304.

## **Item 2    Material Changes**

This Firm Brochure, dated **03/29/2013**, provides you with a summary of PalmerDodge Advisors LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of **December 31**. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated **03/30/2012**:

**No new or revised material disclosures to report.**

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	6
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	7
Item 9	Disciplinary Information	9
Item 10	Other Financial Industry Activities and Affiliations	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	17
Item 14	Client Referrals and Other Compensation	18
Item 15	Custody	18
Item 16	Investment Discretion	19
Item 17	Voting Client Securities	19
Item 18	Financial Information	20

## **Item 4    Advisory Business**

PalmerDodge Advisors LLC (the "Advisor") is a SEC-registered investment adviser with its principal place of business located in Boston, MA. The Advisor began conducting business in 2003.

Edwards Wildman Palmer LLP ("EWP LLP") is the principal owner of the Advisor. Certain partners of EWP LLP may solicit business from existing or prospective clients of EWP LLP on behalf of the Advisor.

The Advisor offers the following advisory services to its clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of the client's funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by a client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities

- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with a client's stated investment objectives, tolerance for risk, liquidity and suitability.

As a registered investment adviser, the Advisor has a fiduciary duty to every client. The Advisor places the interests of clients first in every situation. As part of this fiduciary duty, it is the Advisor's responsibility to provide advice that is suitable to our clients' investment objectives, seek best execution of all client transactions absent overriding client direction, and provide full and fair disclosure of all relevant facts and any potential or actual conflicts of interest.

The Advisor ensures that all portfolio management decisions comply with each client's investment objectives. The Advisor will maintain current records of such objectives and make them available to the individuals involved in making and executing portfolios decisions for the Advisor. The individuals are expected to be aware of each client's investment objectives and to consult with such objectives as necessary when making investment decisions for client accounts.

The distribution of a client's assets between equity and fixed income instruments is determined by the Advisor after consideration of a client's resources, liquidity, and income needs, as well as a review of a client's longer term requirements regarding return and risk tolerance. These factors help the Advisor assign a benchmark equity/fixed income allocation for each portfolio. Benchmark allocations permit a 20% variance in equity and fixed income commitments. Clients will be categorized as having objectives that are consistent with a 0-20% (Preservation of Capital); 20-40% (Income); 40-60% (Balanced); 60-80% (Growth); or 80-100% (Aggressive Growth) investment in equities. The Advisor will manage portfolios around these ranges based on return forecasts for the major markets. The Advisor is also responsible for re-balancing portfolios when variances exceed 10% of the value of the portfolio or there are meaningful changes in the outlook for asset class returns. Portfolios are reviewed at least quarterly by the individuals who make and execute portfolio-decision for the Advisor. Evidence of such reviews are produced by the Advisor and maintained in each client's file. Additionally, periodic meetings with clients help determine any changes in a client's objectives and/or restrictions.

The Advisor uses a three to five year return forecast to select particular equities for purchase and sale. The individuals who make and execute portfolio-decision for the Advisor meet every other week to discuss current holdings and future investment opportunities. The Advisor increases or reduces exposure to stocks or bonds as forecasts of potential relative returns rise or fall. Client portfolios are reviewed for security selection and allocation (i) at least quarterly; (ii) when there is a large contribution or withdrawal; and (iii) when there is a change in client objectives either prompted by the client or through the Advisor's discussion with the client. All reviews are documented in writing by the Advisor and copies of such documentation are maintained in the client's file.

The Advisor does not participate in any wrap fee programs.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2012, we were actively managing \$127,145,545 of clients' assets on a discretionary basis plus \$446,367,830 of clients' assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

***Portfolio Management Fees.*** The Advisor's fees are based on the fair market value of assets being managed calculated on the last business day of each calendar quarter. The standard schedule for annual fees is:

- 1% of the market value of assets up to \$5 million
- .75% of the market value of assets from \$5-10 million
- .50% of the market value of assets from \$10-25 million

The Advisor has no minimum assets under management requirements for its services. The account size may be negotiable under certain circumstances, including overall client relationship and combined value of existing account(s) for the same or related client.

***Limited Negotiability of Advisory Fees:*** Although the Advisor has established the aforementioned fee schedule, the Advisor retains the discretion to negotiate alternative fees on a client-by-client basis. Client's facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors.

The specific annual fee schedule is identified in the contract between the Advisor and each client. All fees are billed and paid quarterly in arrears, except for the Advisor's non-discretionary trust accounts in which case the fees are billed and paid monthly.

Clients may choose to have their fees deducted directly from their account or can be billed directly. Other payment options may be available based on the client's relationship with EWP LLP, in which case the client may also choose to have fees billed directly to its trust account at EWP LLP.

The Advisor may group certain related client accounts for the purposes of determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Mutual Fund Fees:** All fees paid to the Advisor for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, a client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any brokerage or other transaction charges imposed by a broker-dealer with which the Advisor effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

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

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

The Advisor does not charge performance-based fees.

## **Item 7 Types of Clients**

The Advisor provides advisory services to the following types of clients:

- Individuals (including trusts, estates, 401(k) plans, ERISA plans, and IRA of individuals and their family members.)
- State or municipal government entities.
- Foundations.

As previously disclosed in the "Fees and Compensation" section (Item 5), our firm does not have a minimum account size requirement.

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

### **METHODS OF ANALYSIS**

The Advisor uses the following methods of analysis in formulating its investment advice and/or managing client assets:

**Fundamental Analysis.** The Advisor attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions,

and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** The Advisor analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Risks for all forms of analysis.** The Advisor's securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

The Advisor uses the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in a client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss.** Investing in securities involves risk of loss that clients should be prepared to bear. Securities investments are not guaranteed and involve a risk of loss of money. We ask



that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

The Advisor is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

**For Massachusetts Residents:** Massachusetts law requires disclosure that information on disciplinary history and the registration of this firm and our associated persons may be obtained by contacting the Public Reference Branch of the Securities and Exchange Commission at (202) 942-8090. Disciplinary history may also be obtained from the Massachusetts Securities Division at (617) 727-3548, and is asked, the Advisor and our associated persons must also disclose the history.

The Advisor and/or our associated personnel have no disciplinary events to disclose.

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

The Advisor and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

The Advisor is a wholly owned subsidiary of the law firm EWP LLP. Pursuant to an investment advisory contract, our firm provides non-discretionary advice to EWP LLP with respect to certain trust accounts for which members of EWP LLP serve as executor, administrator, guardian, conservator or trustee.

Our firm also has an administrative services agreement with EWP LLP to reimburse EWP LLP for services provided by EWP LLP to the firm. These services include the provision of separate, lockable space, furniture, and equipment within the premises of EWP LLP, as well as technology, accounting, legal, equipment, human resource and other administrative support.

The Advisor receives investment research services both in writing and in person from an independent investment management firm to assist in the management of our clients' accounts.

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

The Advisor has adopted a Code of Ethics (the "Code"), which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Code applies to all employees.

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

The Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the

firm's access persons. Among other things, our Code also requires that all employees receive prior approval from the Chief Compliance Officer or President for all securities transactions in which they have a direct or indirect beneficial interest. Additionally, employee accounts are monitored on a frequent basis but not less than quarterly. The Code also provides for oversight, enforcement and recordkeeping provisions.

The Code further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

The Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Advisor and/or individuals associated with the Advisor may buy or sell for their personal accounts securities identical to or different from those recommended to the Advisor's clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of the Advisor that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

The Code establishes policies and procedures related to:

- Compliance with applicable laws and regulations;
- Insider trading;
- Pre-clearance of all personal trading activity;
- Fiduciary obligations to clients;
- Disclosure of conflicts of interest;
- Disclosure of non-public information;
- Confidentiality;
- Receipt of gifts;
- Disclosure/Pre-approval for outside business activities;
- Duty to report violations;
- Accountability and penalty for violation;

- Required records; and
- Annual review and acknowledgement of the Code.

Since a written Code does not answer all questions raised in the context of business relationships, each person must take responsibility for recognizing and responding appropriately to specific situations as they arise. Questions and concerns can also be directed to the firm's Chief Compliance Officer or President.

A copy of the Code is available to our advisory clients and prospective clients. You may request a copy from Diostenes Medina, our Chief Compliance Officer, via email sent to [dmedina@pdadvisors.com](mailto:dmedina@pdadvisors.com), or by phone at 617-239-0790.

## **Item 12 Brokerage Practices**

In the course of providing investment advice to its clients, the Advisor will, from time to time, identify investments that are appropriate for more than one client, based upon, but not limited to, factors such as clients' investment objectives and preferences, regulatory and client restrictions, tax status, account size, sensitivity to turnover, and available cash. Differences in these factors, among others, may also cause the Advisor to sell, or consider selling, a certain security for certain client accounts at the same time that security is being purchased, or considered for purchase, by other clients' accounts. Although such transactions in a security for more than one client account may occur close in time, the Advisor cannot assure that all transactions will be executed at the same price. In addition, the Advisor cannot assure, when orders for a particular security are placed for more than one account, that sufficient securities will be available to satisfy the order with respect to each individual account. When this occurs, the Advisor cannot assure that a client may not be at a disadvantage relative to one or more other clients. However, the Advisor will use its best efforts to allocate transactions among client accounts in a manner believed to be equitable to each, both with respect to a given transaction and considering all transactions over a period of time.

Except when otherwise specified for a particular client account in the Advisor's investment advisory agreement with that client, the Advisor will aggregate simultaneous purchase or sale orders, new issues, or secondary offerings in a particular security where such aggregation is believed likely to result in more favorable net results to each affected client. However, the Advisor is under no obligation to combine orders, and when orders are not combined, the net price to each client may be less favorable than if the orders had been combined. In connection with the Advisor's aggregation of orders for multiple client accounts, the Advisor will adhere to the following policies and procedures: the Advisor will not aggregate transactions unless it believes that the aggregation is consistent with the Advisor's duty to seek best execution (which includes the duty to seek the best price) for its clients and is consistent with the terms of the Advisor's investment advisory agreement with each client for which trades are being aggregated. Each client that participates in an aggregate order (i) will participate at the same price, and (ii) in the event of multiple transactions in the same security on a given business day, will receive the same allocation of the security in each such transaction, with transaction costs shared pro rata based on each client's participation in the transaction. The Advisor will prepare, before entering an aggregate order, a written statement (the "Allocation Statement") specifying the participating client accounts and how it intends to

allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated in accordance with the Allocation Statement.

In the case of discretionary clients, the Advisor has authority to determine which brokers-dealers are to be used in effecting securities transactions for such clients. In placing brokerage orders, the Advisor seeks the best net price and execution for its transactions, taking into account all relevant factors including price, promptness of execution and other advantages to clients such as reduced custody or other account fees, as discussed below. The Advisor considers various factors, including size and the nature of the transaction, the nature of the market for the security, investment research services provided to the Advisor, and the capability and financial condition of the broker-dealer, all subject to obtaining the best execution.

In seeking the best execution, the Advisor is not obligated to solicit competitive bids for each transaction or to seek the lowest available commission cost to the portfolio, so long as the Advisor reasonably believes that the broker-dealer selected by it can be expected to obtain a "best execution" market price on the particular transaction and determines in good faith that the commission cost is reasonable in relation to the value of benefits to clients, such as reduced custody fees, or the value of the brokerage and research services as defined in Section 28(e)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") provided by such broker-dealer to the Advisor.

To assist the Advisor in meeting its duty to seek best execution of account transactions, the individuals who make and execute portfolio decisions for the Advisor will meet at least annually to evaluate the performance of broker-dealers that execute equity security transactions for client accounts (including the quality of trade executions received and the overall level of service provided) and select broker-dealers to execute such transactions which are expected to provide superior service. The Advisor reviews existing relationships with various broker-dealers and also evaluates opportunities to establish new broker-dealers relationships. In selecting and reviewing broker-dealers, the Advisor considers a number of factors which include, but are not limited to, the broker-dealers ability to:

- handle a high volume of transactions without undue market impact;
- complete trades;
- maximize the opportunity for price improvement;
- execute trades quickly;
- maintain anonymity of the investment manager;
- search for and obtain liquidity to minimize market impact;
- exert the necessary effort to satisfy trading needs in a diligent and consistent manner;
- act with integrity; and
- account for its trade errors and correct them in a timely and satisfactory manner.

Additionally, the Advisor considers a broker-dealers ability to provide the following additional services:

- suggestions that improve the quality of trade executions;
- in-house or proprietary research;
- visits with research analysts; and
- access to the broker's staff.

In consideration of the foregoing, the Advisor maintains a list of approved broker-dealers and conducts periodic reviews to determine whether to add or delete any such broker-dealers.

In approving broker-dealers for inclusion on the Advisor's list of approved brokers for equity trades, the President of the Advisor, in consultation with the individuals who make and execute portfolio decisions for the Advisor, sets ranges for commission rates (generally between \$.01 to \$.06 per share) and attempts to negotiate with the approved broker-dealers when possible. Rates will be reviewed annually as will the value of research related activities and services provided by broker-dealers. The Advisor recognizes that some brokerage firms are better at executing some types of orders than others or provide superior service. Thus, it may be in the best interest of the clients to utilize a broker-dealer whose commission rates are not the lowest, but whose executions result in lower overall transaction costs. The overriding consideration in selecting broker-dealers for executing portfolio orders is the maximization of client profits through a combination of controlling transaction and securities costs and seeking the most effective uses of broker-dealers research and execution capabilities while maintaining relationships with those broker-dealers who consistently provide superior service.

Therefore, when appropriate under its discretionary authority and consistent with its duty to seek best execution, the Advisor may direct brokerage transactions for client accounts to broker-dealers who provide the Advisor with research and brokerage products and services. The brokerage commissions used to acquire research in these arrangements are known as "soft dollars." In its narrowest sense, the term "soft dollars" refers to that portion of brokerage commissions which may exceed the lowest rate otherwise available from another broker for executing the same transaction. The Advisor engages in soft dollar practices on behalf of accounts only if a client's contract expressly permit such activities.

Section 28(e) of the Exchange Act provides a so called "safe harbor" that allows an investment adviser to use client funds (by causing such clients to pay higher brokerage commissions) to purchase "brokerage and research services" from a broker under certain circumstances without breaching its fiduciary duties to such clients. In order to take advantage of the safe harbor, an investment adviser must determine in good faith that the amount of the commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker-dealers, viewed in terms of either that particular transaction or the broker-dealers ability to execute difficult transactions in the future.

With respect to the Advisor, the determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on

the professional opinions of the President of the Advisor and the individuals responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. The Advisor may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services the Advisor receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by the Advisor may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if the Advisor determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or the Advisor's overall duty to its discretionary accounts.

In addition, as noted, Section 28(e) applies only to the use of soft dollars to obtain "brokerage" or "research". Brokerage services include those products and services that relate to the execution of the trade beginning at the point the investment adviser communicates with the broker to place a trade through the point at which the funds or securities are delivered or credited to the client's account. Research products and services are those that provide lawful and appropriate assistance to the investment adviser in the performance of its investment decision-making responsibilities. The President of the Advisor is responsible for evaluating whether a product or service is appropriate.

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party, but provided by the broker-dealer). While the Advisor may use soft dollars to acquire either type of research, the Advisor typically uses only proprietary research. The receipt of research in exchange for soft dollars benefits the Advisor by allowing the Advisor, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of economy and market factors. The Advisor may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products and services, rather than its clients' interest in receiving most favorable execution.

During the Advisor's last fiscal year, such research services included, among other things, information on the economy, industries, individual companies, statistical information, accounting and tax law interpretations, legal developments affecting portfolio securities, technical market action, credit analysis, risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and occasional meetings with securities analysts. Such research services may also be provided in the form of access to various computer-generated data, computer hardware and software, meetings arranged with corporate and industry spokesmen and miscellaneous subscriptions to trade journals, business magazines and other sources used for research purposes.

Research obtained with soft dollars might not be utilized by the Advisor for the specific account that generated the soft dollars. In addition, in the case of EWP LLP, the Advisor may from time to time recommend broker-dealers for use by EWP LP in effecting transactions for trust accounts. Such broker-dealers may provide research services to the Advisor that are used in connection with all of the Advisor's clients, and not just EWP LLP. Again, it should be noted that the value of research cannot be measured precisely and commissions paid for research services cannot be allocated to clients in direct proportion to the value of the services to each client. The Advisor attempts to fairly allocate commissions, but it is inevitable that commissions paid by one account will, in effect, subsidize services that benefited another account. Therefore, the Advisor does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists the Advisor in fulfilling its overall duty to its clients.

The Advisor will not enter into any agreement or understanding with any broker-dealer which would obligate the Advisor to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

The Advisor does not currently use soft dollars to pay for a portion of certain "mixed use" items (products or services that provide both research and non-research benefits). However, if the Advisor should choose to obtain a particular product, it may use available soft dollars and pay cash to make up any difference or, if the product or service is a mixed use item, the Advisor may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, the Advisor would make a good faith effort to allocate such items reasonably between the brokerage and research services and other benefits, and would pay for such other benefits in cash. Records of any such allocations and payments will be maintained.

In circumstances where a client seeks to direct the use of a certain broker-dealer, the Advisor insists that such direction be provided by the client in writing, either as part of the contract or by separate instruction. Trades for a client that has directed the use of a particular broker-dealer may not be aggregated with trades for other clients' accounts and may be placed at the end of batched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a client of a particular broker-dealer to execute transactions may result in the Advisor being unable to achieve most favorable execution of the client's transactions and may cost the client more money due to higher commissions, greater spreads, or less favorable net prices than might be the case if we were empowered to negotiate commission rates or spreads freely, or to select brokers-dealers based on best execution. Additionally, if a client directs brokerage, the Advisor will periodically review the price and quality of execution received from the broker-dealer to whom transactions are directed and inform the client that, if true, better execution could be obtained from other broker-dealers. At this time, the Advisor does not generally allow clients to direct brokerage

The Advisor generally recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Securities transactions are executed through a broker-dealer affiliate of Schwab, because in the Advisor's experience, such affiliate typically is able to provide the best overall net price and execution, taking into account the level of custody fees charged by the custodian.

Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. The Advisor is independently owned and operated and not affiliated with Schwab.

Schwab provides the Advisor with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's 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 our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. As such, in the Advisor's experience, Schwab is typically able to provide the best overall net price and execution, taking into account the level of custody fees ordinarily charged by custodians.

Schwab specifically, and other broker-dealers with whom the Advisor may execute trades on behalf of clients, and other custodians which hold the Advisor's clients' assets in custody, also make available to the Advisor, free of charge or at a reduced rate, other products and services that benefit the Advisor but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our 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 research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and



- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. 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.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to the Advisor. Schwab 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 our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment to our personnel. However, in evaluating whether to recommend that clients custody their assets at Schwab, we do not take into account the availability of the foregoing products and services and other arrangements as part of the total mix of factors we consider.

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

**REVIEWS:** While the underlying securities within individual portfolio management accounts are continually monitored, these accounts are reviewed at least quarterly.

In the case of non-discretionary trust accounts for which a member of EWP LLP serves as trustee, the individuals who make and execute portfolio decisions on behalf of the Advisor, review such accounts with each trustee in accordance with the trustee's requirements. Each portfolio is reviewed with the trustee to verify client objectives and to evaluate security selection, diversification and asset allocation at least quarterly. Portfolio reviews are often also initiated as a result of recommendations to purchase or sell securities; significant changes in the relative attractiveness of a particular class of assets; sizeable contributions, withdrawals, or maturities; or a change in a client's financial requirements.

In the case of discretionary clients of the Advisor, the individuals who make and execute portfolio decisions for the Advisor review such portfolios at least quarterly in the context of each client's stated investment objectives and guidelines. Reviews are also initiated by recommendations to purchase or sell securities; significant changes in the relative attractiveness of a particular class of assets; sizeable contributions, withdrawals, or maturities; or a change in client's financial requirements.

#### These accounts are reviewed by:

- Glenn E. Murphy Jr., President
- Vijay V. Naidu, Investment Advisor

**REPORTS:** In addition to the monthly statements and confirmations of transactions that

clients receive from their custodian and/or broker-dealer, the Advisor provides quarterly written reports to its discretionary clients. Such reports include a list of holdings valued as of the end of the period, transactions initiated since the last statement, a summary of the investment returns earned by the portfolio and a copy of the investment management fee invoice.

Written reports are prepared for the non-discretionary trust accounts when requested by the trustee(s).

For the Advisor's discretionary clients, the respective custodian provides monthly account statements directly to each client, with copies forwarded to the Advisor and/or made available electronically through the custodian's secured website.

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

It is the Advisor's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is the Advisor's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

The Advisor previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from certain client accounts. Due to this arrangement, the Advisor may be deemed to have "custody" of client accounts within the meaning of Rule 206(4)-2 under the Investment Advisors Act of 1940 because the Advisor may have access to or authority over client funds for purpose other than issuing trading instructions.

As part of this billing process, a 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 the Advisor directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, the Advisor also sends account statements directly to its clients on a quarterly basis. We urge our clients to carefully compare the information provided in these statements to ensure that all account transactions, holdings and values are correct and current.

The Advisor provides continuous and regular supervisory non-discretionary advice to the Private Client Department of EWP LLP regarding trust portfolios with \$442,644,849.00 in assets for which partners or employee(s) of EWP LLP serve as trustee(s). Advisor also provides discretionary advice to portfolios for which partners or employee(s) of EWP LLP

serve as trustee(s) with \$87,401,298.00 in assets.

While the Advisor does not have physical custody of these assets it may be deemed to have custody of client accounts within the meaning of Rule 206(4)-2 under the Investment Advisors Act of 1940 due to its affiliation with EWP LLP. For this reason, an independent public accountant conducts an annual surprise examination of clients funds and securities.

## **Item 16 Investment Discretion**

Clients may hire the Advisor to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

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

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

Clients give the Advisor discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving the Advisor written instructions that impose reasonable restrictions on investing in certain securities, types of securities or industry sectors. Clients may also change/amend such limitations by once again providing the Advisor with written instructions.

## **Item 17 Voting Client Securities**

The Advisor votes proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

As a matter of policy and as a fiduciary to our clients, the Advisor has the responsibility for voting proxies for portfolio securities consistent with the best economic interests of its clients. With this responsibility in mind, the Advisor has entered into a third party agreement with Broadridge, Inc. ("Broadridge") to outsource its proxy voting and research functions. As part of this agreement, the Advisor has adopted Glass Lewis & Co.'s ("Glass Lewis") proxy voting policies, related procedures, and voting guidelines, which are applied to those client accounts over which it has been delegated the authority to vote proxies.

Glass Lewis will research and Proxyedge ("Proxyedge), owned by Broadridge, will execute all ballots received for the Advisor's accounts via its Proxyedge website. Glass Lewis will research all upcoming proxy meetings and will inform the Advisor once the research is completed and a vote recommendation is available via Proxyedge's secured web-site. If the Advisor agrees with the recommendation, no action is required and Proxyedge will vote the ballot per such recommendation.

Broadridge will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of how each vote was cast, and a copy of any document created by Glass Lewis that was material to making a decision how to vote proxies.

The Advisor always retains the ability to override the vote recommendation for any given ballot if it disagrees with the recommendation. If the Advisor decides to vote the ballot differently from the recommendation, it shall notify Proxyedge using Proxyedge's on-line platform prior to the vote instruction cut-off displayed on such platform. Proxyedge will vote the ballot according to the Advisor's instructions. The Chief Compliance Officer is the only person that has the ability to change Glass Lewis' voting recommendations if any, once reviewed and approved by the President. However, if the Advisor has a conflict of interest in voting a particular action, we will notify the client of the conflict and will allow Proxyedge to cast the vote in accordance with Glass Lewis' recommendation.

Clients can instruct the Advisor to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. A client can also instruct the Advisor on how to cast its vote in a particular proxy solicitation by contacting the Advisor's Chief Compliance Officer in writing or via e-mail at [dmedina@pdadvisors.com](mailto:dmedina@pdadvisors.com).

Clients may request a copy of Glass Lewis' Proxy Voting Policies and Procedures and may inquire about how their securities were voted by either calling or e-mailing the Advisor's Chief Compliance Officer, Diostenes Medina at 617-239-0790 or [dmedina@pdadvisors.com](mailto:dmedina@pdadvisors.com). The Advisor will retain a copy of each written client request for information on how the Advisor voted proxies.

## **Item 18 Financial Information**

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

As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. The Advisor has no additional financial circumstances to report.

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