

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

Item 1 Cover Page

This brochure provides information about the qualifications and business practices of Old North Advisors, LLC (“ONA” or “Old North”). If you have any questions about the contents of this brochure, please contact us at (617) 259-1700. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Old North also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Company Name: Old North Advisors, LLC.

Address: 24 Federal Street, Boston, MA 02110

Contact information:

Phone: (617) 259-1700

Fax: (617) 259-1701

E-mail: [info@oldnorthadvisors.com](mailto:info@oldnorthadvisors.com)

Website: [www.oldnorthadvisors.com](http://www.oldnorthadvisors.com)

This brochure is dated as of May 13, 2015.

ONA is registered as an investment adviser with the SEC. This registration does not imply a certain level of skill or training, nor does it represent any official imprimatur for ONA’s business.

Item 2 Material Changes

The last annual update of our brochure was dated March 20, 2014. We previously updated that brochure on June 4, 2014, in order to describe certain changes in the timing of, and personnel involved in, our account reviews, and on September 3, 2014, in order to set forth the change in our office address from 50 Federal Street to 24 Federal Street, Boston, MA 02110. We do not believe these changes, or any further revisions we are making in this annual update, are material changes from the information set forth in our last annual update.

## TABLE OF CONTENTS

<b>Item</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 ..... 7
Item 6	<i>Performance-Based Fees</i> and Side-By-Side Management..... 9
Item 7	Types of <i>Clients</i> ..... 10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss..... 11
Item 9	Disciplinary Information..... 13
Item 10	Other Financial Industry Activities and Affiliations ..... 14
Item 11	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading ..... 17
Item 12	Brokerage Practices ..... 20
Item 13	Review of Accounts..... 25
Item 14	<i>Client</i> Referrals and Other Compensation ..... 28
Item 15	<i>Custody</i> ..... 29
Item 16	Investment Discretion ..... 30
Item 17	Voting <i>Client</i> Securities..... 31
Item 18	Financial Information..... 32

*A. Advisory Firm and Principal Owner*

ONA was founded in 2004 by John LaPann. From its founding through December 31, 2012, ONA was an affiliate of, and under common control with, Federal Street Advisors, Inc. (“FSA”). In a business restructuring, ONA became a wholly-owned subsidiary of FSA, effective as of January 1, 2013. ONA has operated continuously as an investment adviser since its founding, and it continues as such after the restructuring, which was intended to enhance the quality of its advice and service by better integrating certain operations with FSA. FSA is also a registered investment adviser founded by Mr. LaPann and is controlled and principally owned by Mr. LaPann.

*B. Types of Advisory Services Offered*

ONA offers investment management services, primarily to high net-worth individuals, their families and foundations. Depending on client needs and circumstances, ONA generally invests through mutual funds and separate account managers and sometimes through funds of hedge funds. ONA has discretionary trading authority to purchase and sell mutual funds and other securities on behalf of its clients. However, ONA does not generally buy or sell individual publicly-traded stocks or debt securities, except for sales relating to the management of legacy holdings with low cost basis or upon specific client request. Additionally, if ONA recommends a separate account manager to manage a portion of a client’s portfolio and the client accepts the recommendation, the client hires that manager directly and ONA does not exercise or have discretion over the securities in which that manager trades. Similarly, if ONA recommends a hedge fund of funds and the client accepts the recommendation, the client subscribes directly for an interest in the fund and is responsible for effecting any further additions or redemptions, while the hedge fund manages its own investments without ONA’s direction or involvement. ONA permits its clients to impose reasonable restrictions on investing in certain securities or types of securities, and any such restrictions are usually embodied in an investment policy statement that describes how we will manage the portfolio.

ONA also offers certain family offices services, which include financial planning services, and other similar or related services. Specifically, family office services may include advice on investments, financial planning, retirement planning, estate planning, income tax planning, stock option planning, philanthropic planning and such other financial issues as may be agreed upon with a particular client. In providing these services, ONA will use FSA personnel and often also work with a

client's existing tax, accounting and legal advisors or, if requested, recommend alternative advisors with expertise in these areas. We do not draft any legal documents, provide legal or tax advice, prepare any tax returns, sell any insurance products, render any accounting services or advice, or serve as custodian of client assets. In addition, we do not provide check-writing or bill-paying services or any other services that would involve our having authority to transfer money out of a client account to any other account not belonging to the same client. Since clients' circumstances may differ materially, each client should be aware that our actions with respect to investments and other matters may be the same as, or different from, the actions we take for any other client. Additionally, some clients may request and receive family office services that differ in number, type or extent from those we provide for other clients, based on the differing needs or preferences of particular clients.

#### *C. Tailoring Advisory Services to Individual Client Needs*

ONA tailors its investment management services to the individual needs of clients. Our approach is to identify a client's financial goals and objectives, cash flow needs, risk tolerance, time horizon and other factors that must be understood in order to select appropriate investments and managers. We agree with each client upon an investment policy statement that specifies a target asset allocation program and acceptable ranges for each asset class. Then we select managers, funds, or both, that we believe are most appropriate within each component of that allocation. If a client wants to impose reasonable restrictions on investing in certain securities or types of securities, the client may do so, and any such restrictions are usually embodied in the investment policy statement for that client.

#### *D. Wrap Fee Programs*

The SEC defines a wrap fee program as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services and the execution of client transactions. We do not offer or participate in any wrap fee program.

#### *E. Managing Client Assets*

ONA manages client assets, most of which are managed on a discretionary basis. ONA continuously and regularly supervises client assets, and the amount of these assets as of March 31, 2015 was approximately \$227,857,330. Of this amount, \$183,707,257 was managed on a fully discretionary basis. The remaining portion, \$44,150,073, was (i) invested in private funds, (ii) allocated to and managed by

unaffiliated separate account managers subject to our continuous and regular supervision, or (iii) subject to a “no-sale” restriction, in each case based on a specific action, authorization or direction from clients whose other portfolio assets we manage on a fully discretionary basis.

*A. Compensation and Fee Schedule*

For investment management services, under the schedule for new clients, ONA charges a fee that is based on the amount of assets to be managed, charging 1.00% of assets for the first \$ 2 million, 75 basis points (0.75%) on the next \$3 million, 50 basis points (0.50%) on the next \$15 million, 35 basis points (0.35%) on the next \$30 million, and 25 basis points (0.25%) on assets in excess of \$50 million, with a minimum annual fee of \$20,000.

Fees for employees of ONA or FSA and their family members may be negotiated or waived. Clients subject to a prior fee schedule and any prospects to whom that schedule was quoted will be charged based on the prior schedule unless otherwise agreed. ONA reserves the right to negotiate and charge different fees in particular circumstances based on factors it deems relevant, including the level of complexity and the anticipated service requirements.

*B. Fee Billing and Collection*

Our fees are payable quarterly in arrears. For most clients, who have given the necessary advance standing authorization, our quarterly fee is withdrawn automatically each quarter from the client's account at his or her independent custodian and credited to us. While we find that the automatic withdrawal procedure is administratively simpler, a client is free to select an alternative method of paying our fees. However, we will not require or request payments in excess of \$1,200 made six months or more in advance.

*C. Other Types of Fees or Expenses Clients May Pay*

Our fees are the only compensation clients pay us. However, clients will pay or bear other expenses in connection with their investments. These may include fees paid to any separate account manager a client may hire, fees paid to the custodian holding a client's assets charges for this custody service, if any, and the advisory, administrative, custodial, transfer agency, brokerage and other fees paid by mutual funds, hedge funds, or other investment vehicles that clients may own, which clients will bear indirectly. When clients buy or sell stocks or other securities, they will often also incur transaction costs, including brokerage commissions, or in some cases transaction fees in fixed dollar amounts per transaction, even when buying or selling shares of mutual funds. Please also see the discussion of brokerage in Item 12 of this brochure for more information about certain trading costs.

#### *D. Advance or Arrears Fee Payment Requirements*

Our fees are payable quarterly in arrears. If we begin to render services after the quarter has already commenced, our fee for that quarter will be prorated. A client (or we) may terminate our advisory relationship by providing 30 days' prior written notice. In the event of a termination, pre-paid fees, if any, would be refundable on a pro-rata basis, but we do not expect to receive pre-paid fees. Fees due and unpaid upon termination are pro-rated for the portion of the period prior to the receipt of the termination notice, plus the 30 day notice period thereafter.

#### *E. Absence of Compensation from Selling Securities or Investment Products*

We do not receive any compensation from selling securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.



A “Performance-Based Fee” is an investment advisory fee based on a share of capital gains on, or capital appreciation of, client assets. A fee that is based on a percentage of assets managed by an investment adviser is not a performance-based fee. We do not charge any performance-based fee. If a client invests in a hedge fund or other alternative investment vehicle, the general partner or manager of such a fund may impose a performance-based fee, but we would not receive any portion of, or otherwise benefit from, that fee.

“Side by Side Management,” describes a situation in which an investment adviser manages some accounts that are subject to a performance-based fee and other accounts that are charged another type of fee, such as an hourly, flat, or asset-based fee. Because we do not charge a performance-based fee to any client, we do not engage in side-by-side management.

Item 7 Types of *Clients*

Typically, our investment clients are high-net worth individuals, their families, and tax-exempt foundations, charitable entities or associations. Often included within these client relationships are trusts, estates, and partnerships or other family investment vehicles. We do not have a minimum account size, but we do have a minimum fee, as described above in our response to Item 5. As a result, our minimum new client relationship would typically exceed \$2,000,000.

*A. Methods of Analysis, Investment Strategies, and Risk of Loss*

Our approach to investment management is based on fundamental analysis, and we incorporate elements of modern portfolio theory in our process of asset allocation and manager selection. For each client, we determine a rate of return objective and an appropriate risk tolerance, viewed in terms of both standard deviation and drawdown. We then recommend an asset allocation, and funds or managers within each asset class, that we believe should produce the desired return without exceeding the client's risk tolerance over the long-term, which we consider to be a period of at least fifteen years. For shorter periods, clients should understand that it is not unexpected for the desired rate of return not to be achieved and/or for the historical maximum standard deviation and drawdown to be exceeded. Even for longer periods, there is no assurance that the client's objectives regarding investment returns and potential maximum losses can be achieved, since positive returns cannot be guaranteed as investing in securities necessarily involves a risk of loss that clients must be prepared to bear.

*B. Significant Investment Strategies and Material Risks*

Our return and risk expectations are derived from historical market statistics and from our understanding of how the current market environment may affect expected returns and potential gains or losses going forward. If markets, funds or managers behave in the future in a materially different manner than they have in the past, or if our understanding of the likely effects of the current market environment on future returns or risks is wrong, then clients whose assets we manage may be subject to asset allocations or manager selections that produce disappointing returns, possibly including the loss of a substantial portion of their capital.

*C. Particular Types of Securities and Associated Risks*

We generally invest through mutual funds (or, potentially, ETFs) that invest primarily in individual stocks or fixed-income securities. In some instances, where appropriate for a client, we may recommend that a portion of the investment portfolio be invested with one or more separate account managers who manage, on a discretionary basis without investment direction or advice from us, individual stocks or fixed-income securities. In some cases, we may also recommend that a client invest in a hedge fund of funds sponsored or approved by FSA, as explained below in our response to Item 10.C.

The primary risks associated with stock investments are the loss of value, or the failure to achieve the expected total return, as a result of company-specific factors, or events or developments that affect the economic sector in which a company does business or the entire market, including but not limited to possible substantial changes in political, geographic, or currency circumstances. Similarly, the primary risks associated with fixed-income investments are the loss of value, or the failure to achieve the expected total return, as a result of company-specific factors (such as adverse events affecting its particular business operations that result in a failure of the company to pay its debt obligations) or market factors (such as a rise in interest rates and/or inflation that reduces the real and/or absolute value of the interest and/or principal the investor receives).

Hedge funds potentially involve additional risks to the extent they use certain investment techniques (such as leverage or certain derivatives) in a way that can increase the risk or amount of loss. In addition, they are less liquid and often less transparent than mutual funds and many other investments (due to the relatively sparse regulatory disclosure requirements and a perceived need to maintain a competitive advantage and/or protect against front-running of their trades). Many hedge funds also have the ability to suspend or limit redemption rights during times of extreme market conditions or for other reasons, which can result in potentially lengthy delays in recovering invested capital. There may also be a greater risk of loss due to the potential for fraud or other illegal conduct by the hedge fund's general partners or other managers, which may be harder to detect as a result of their structure and relative lack of regulatory supervision, in contrast to mutual funds. We are mindful of these risks and conduct considerable due diligence reviews of the hedge funds of funds we recommend, but we cannot guarantee that any due diligence process will be sufficient to prevent or detect misrepresentation, fraud or abuse on the part of the investment fund or its managers, partners, members, or other service providers; as a result, clients are exposed to the risk that they may lose their entire investment in any such hedge fund or other privately-offered investment through theft or other illegal conduct by the fund sponsor, general partner, or manager, as well as, of course, through poor investment decisions made by any such person. Additionally, if a client already has such investments when we are first hired or adds any such investment later that we do not generally recommend, we typically do not apply the same substantial scrutiny to these legacy or client-specified funds or managers that we apply to the funds and managers that we recommend.

Item 9 Disciplinary Information

This item requires disclosure of all material facts about any legal or disciplinary events involving us or our management persons that are material to a client's or prospective client's evaluation of our business or the integrity of our management. For this and other purposes in this brochure, "management persons" means anyone with the power to exercise, directly or indirectly, a controlling influence over our management or policies or to determine the general investment advice that we give to clients. Examples of material legal or disciplinary events include criminal proceedings, felony convictions, and certain misdemeanors, as well as findings of certain misconduct that are determined in administrative proceedings before regulators or self-regulatory organizations.

Neither ONA nor any of its management persons has been, or is currently, involved in any such events.

*A. Absence of Certain Broker-Dealer Registrations*

Neither we nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

*B. Absence of Certain Futures or Commodity-Related Registrations*

Neither we nor any of our management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities.

*C. Certain Relationships with Related Persons*

This item discloses relationships or arrangements that are material to our advisory business or to our clients and that are between us (or any of our management persons) and certain types of “related persons” in various financial, banking, legal, accounting, insurance, or other specified types of businesses. A “related person” is an “advisory affiliate” and any person that is under common control with us. An “advisory affiliate” is (1) all of our officers, partners, directors, or persons performing similar functions; (2) all persons directly or indirectly controlling or controlled by us; and (3) all of our current employees, other than employees performing only clerical, administrative, support or similar functions.

Related persons with such relationships or arrangements are Federal Street Advisors, Inc. (“FSA”), Saltbox Capital, LLC (“Saltbox Capital”), and Saltbox Partners Fund, L.P. (“Saltbox Fund”).

FSA, an investment adviser that is separately registered as such with the SEC, owns 100% of our equity interests. We benefit from investment research, operational support, and other services provided by FSA personnel, some of whom are also our officers, and we rely on the decisions of its Investment Committee. We utilize FSA personnel in delivering investment management services, treating such personnel as supervised persons of ONA for this purpose. Their compensation does not differ based on whether they are providing services to our clients or to clients of FSA. We may refer clients or prospects to FSA, and FSA may refer clients or prospects to us, but there is no compensation or other consideration for any such referrals that may occur. Also, as owner of ONA, FSA may receive distributions funded by income from our operations, and any increase in the value of our business will benefit FSA. Certain personnel of FSA have

access to confidential information about our clients, which they are bound to keep confidential under applicable privacy policies.

Saltbox Capital is an investment adviser that is under common control with FSA and is separately registered as an investment adviser with the SEC. FSA provides, for compensation, administrative support to Saltbox Capital to assist it in fulfilling its responsibilities as the general partner of Saltbox Fund. Saltbox Fund is a hedge fund of funds whose limited partners consist primarily of certain clients of ONA and FSA. FSA does not have a direct contractual relationship with Saltbox Fund, but the fees Saltbox Fund pays to its general partner, Saltbox Capital, are the source of the payments Saltbox Capital makes to FSA as compensation for the services FSA provides to Saltbox Capital. Because FSA receives these fees, FSA has a financial interest in recommending that clients of FSA and ONA invest in Saltbox Fund. However, the fees that FSA charges to Saltbox Capital do not include any carried interest or other profit participation and are intended only to cover FSA's estimated costs, which are primarily personnel-related, in providing services to Saltbox Capital under FSA's contract with it. These relationships, including the associated costs, are described in detail in the offering materials for Saltbox Fund, which are provided to all prospective investors in that fund. Saltbox Fund is not available to the public, and substantive information about it is generally made available only to certain clients of ONA and FSA.

In the event that (1) Saltbox Fund intends to invest in a particular hedge fund; (2) clients of ONA or FSA also desire to invest directly in the same hedge fund; and (3) that hedge fund is unwilling to accept subscriptions equal to the aggregate amount desired to be invested by these clients and the fund, then it is anticipated that the amounts desired to be invested referred to in clauses (1) and (2) will be proportionately reduced to equal, in total, the subscription amount the hedge fund is willing to accept. In the event that this proportionate reduction in investment amounts results in an account receiving such a small allocation that it does not satisfy the subscription minimum that a hedge fund is willing to accept, only those accounts that meet such minimum amount will be recommended to invest in that hedge fund. In cases where the investment opportunity is so limited that a proportionate reduction in investment amounts is not feasible, the opportunity will be allocated in any manner FSA deems appropriate under the circumstances.

#### *D. Recommendation of Other Investment Advisers*

Recommending other investment advisers (separate account managers) and investing client assets in mutual funds or other funds sponsored by other investment managers for our clients is a major focus of our investment business.

We do not receive compensation, directly or indirectly, from those advisers, funds, anyone associated with them, or anyone else except for the fees we charge our clients. We do not have other business relationships with those advisers or funds or persons associated with them that create conflicts of interest.



*A. Our Code of Ethics*

Our code of ethics governs the conduct of all of our management persons and other personnel. The code requires all such persons to comply with the applicable federal securities laws and meet a standard of business conduct that reflects our fiduciary obligations to our clients under the Investment Advisers Act. Under the code, all personnel are to strive to avoid placing their personal interests above clients' interests and avoid conflicts of interest or, if in some situation a conflict is unavoidable, fully disclose it. Some specific elements of the code are (1) a prohibition on insider trading; (2) strict limits on personal trading intended to avoid actual or apparent conflicts with any client's interests, including the maintenance of a do-not-trade list in specific securities and, for securities not on that list, a ceiling on permitted dollar amounts and a required minimum holding period; (3) a requirement that investments in IPOs and private placements must be pre-cleared by our President; (4) periodic reporting and review of securities holdings and transactions of our personnel; (5) a ceiling on the amount, and required reporting of, certain gifts that may present potential conflicts of interest; (6) a requirement to report any violation of the code to our chief compliance officer; and (7) the imposition of sanctions, up to and including dismissal, for violations of the code.

We are happy to provide a copy of our code of ethics to any client or prospective client upon request.

*B. Recommendations to Clients of Securities in which we or a Related Person has a Material Financial Interest*

We do not recommend that clients invest in securities in which we or a related person has a material financial interest, with the exception of Saltbox Fund. Our interest in Saltbox Fund is described in Item 10 (C), above. Our interest, and that of our related persons, is described in the offering materials for this fund. In addition, when we recommend that a client make an investment in Saltbox Fund, we describe FSA's and the general partner's sponsorship of the fund and explain our view that the conflict arising from the general partner's paying fees to FSA is outweighed by the benefit to the client of obtaining the investment exposures and diversification available through the fund. We do not recommend this fund to any client that has enough assets to, and is willing to undertake the administrative work necessary to, obtain similar or greater diversification by investing directly in a sufficient number of hedge funds. ONA does not exercise its discretion to invest any client assets in Saltbox Fund. Any such investment must be specifically approved and executed by the client.

*C. Investments by us or our Related Persons in the Same or Related Securities that We Recommend to Clients*

Generally, neither we nor our related persons invest in the same securities (or related securities) in which we invest for clients, other than investments by our personnel in mutual funds that are not affiliated with us, with respect to which we perceive no opportunity for front-running or other abuse. Further, our business is generally comprised of investing for our clients with separate account managers and in mutual funds and hedge funds of funds rather than in individual publicly-traded stocks. If a material portion of any client's portfolio is comprised of a publicly-traded stock (which may, for example, have been acquired before the person became a client or as a result of an inheritance or trust distribution), we would generally put that stock on our do-not-trade list, with the result that our personnel could not trade in it without express prior authorization by our Chief Compliance Officer or President. In this case, authorization may be given only if it is concluded that a proposed trade would not adversely impact the client who owns the stock. Our personnel may invest in the hedge funds that we recommend to clients, subject to obtaining pre-clearance from our President as required under our code of ethics. This would generally not present a conflict of interest unless a particular fund had limited capacity, such that an investment by our personnel might compete for capacity with an investment that one or more of our clients might consider making in the same fund. In that event, investment by our personnel would not be approved.

*D. Taking Action in Securities for Clients When The Securities are Also Being Purchased or Sold for our Own or Our Related Persons' Accounts*

We may buy or sell mutual fund shares for our clients at the same time our personnel or a person related to us is buying or selling the same mutual fund. Given the nature of mutual funds as bought and redeemed at the net asset value per share determined by the funds, and the fact that we do not advise or have any other affiliation with any mutual fund, we do not believe this presents a conflict of interest.

In the case of hedge funds, our procedures regarding purchases are described in Item 11 (C), above. Redemptions of hedge funds by our personnel or other related persons could present a conflict if a client was invested in the same fund and the fund was unable or unwilling to grant all redemption requests. In that event, we would not permit our personnel or other related person to have his or her redemption request satisfied on a basis preferable to that made available to our clients.

In the case of publicly-traded individual stocks or securities, we do not generally purchase such investments for clients, but we may sell such securities as part of a program of diversifying a client's portfolio. The issuer of any such investment that represents a material portion of client's portfolio is generally added to our do-not-trade list. As a result, our personnel will not be permitted to buy (or sell) the security whether or not the client is seeking to sell it at or about the same time, unless our Chief Compliance Officer or our President grants an exception based on the conclusion, in a particular situation, that there is no actual or potential conflict of interest or the appearance of such a conflict. Such an exception might be granted, for example, if the amount of the proposed trade is *de minimis* and it is certain that we have no material inside information concerning the issuer of the security. Any such investment that does not represent a material portion of a client's portfolio and is therefore not on the do-not-trade list could potentially be sold by a client at the same time our personnel are buying (or selling) the security, but we believe the dollar ceiling on such trades by our personnel would obviate any market impact from such a trade by our personnel.

ONA does not invest for its own account in stocks or other securities, including hedge funds.

*A. Description of Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions and Determining the Reasonableness of their Compensation (e.g., commissions)*

ONA does not direct client transactions to any particular broker in return for products or research services. (We note that it is generally not part of our business to acquire for clients any individual stocks or securities, other than mutual fund shares.) ONA generally will strongly encourage clients to establish custody accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab) or the Fidelity Registered Investment Advisor Group (Fidelity) division of Fidelity Investments, FINRA-registered broker-dealers and SIPC members, to maintain custody of clients' assets and to effect trades that ONA directs for their accounts. Schwab and Fidelity provide ONA with access to their institutional trading and operations services, which are typically not available to retail investors. These services generally are available to independent investment advisors like us, at no charge, provided that specified minimum amounts of the advisor's clients' account assets are maintained at Schwab or Fidelity. For ONA client accounts maintained in its custody, Schwab and Fidelity generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through each firm or that settle into each client account at the pertaining broker.

Schwab's and Fidelity's services include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab and Fidelity also make available to ONA other products and services that benefit ONA but may not benefit its clients' accounts. Some of these other products and services assist ONA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of ONA's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of ONA's accounts, including accounts not maintained at Schwab or Fidelity. Schwab and Fidelity may also provide ONA with other services intended to help ONA manage and further develop its business enterprise. These services may include consulting, publications and other services. Schwab or Fidelity 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 ONA. Schwab and Fidelity may also provide other benefits such as educational events or occasional business entertainment of ONA personnel, subject to limitations set forth in our Code of Ethics. In evaluating whether to recommend that clients custody their assets at Schwab or Fidelity, ONA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab or Fidelity, which may create a potential conflict of interest. However, the availability to ONA of the foregoing products and services is not contingent upon ONA committing to Schwab or Fidelity any specific amount of business (assets in custody or trading), though a fee would be imposed if certain custody amounts were not maintained. Moreover, we have no reason to believe that clients of ONA will pay commissions to Schwab or Fidelity that are higher than those obtainable from other brokers in return for these products and services. ONA is not a registered representative of Charles Schwab or Fidelity or any other broker/dealer and does not receive any commissions or fees in connection with recommending the services of any broker. ONA is independently owned and operated and not affiliated with Schwab or Fidelity.

Our investment advice is generally comprised of recommending that our clients invest with unaffiliated separate account managers and in mutual funds, rather than in individual stocks or bonds. We do not generally purchase any individual publicly-traded stock or bond for clients. We may recommend the sale of any such holding as part of a program of diversifying a client's portfolio. In that diversification situation, or in any other case in which a client desires to buy or sell an individual publicly-traded security (i.e., not a mutual fund), we recommend (1) that the client do so through a separate account manager who is managing a portfolio of individual securities for the client, if the client is already using such a manager, or (2) if not, that the client trade through the broker-dealer associated with the custodian holding that security or other assets for the client. We believe that this will usually produce a better result for the client than directing that the trade be executed by a different broker-dealer, because that would typically involve paying not only the commission or fee charged by the different broker-dealer but also a "trade-away" fee as compensation for having the trade executed by a different broker-dealer. We may, however, recommend that a different broker-dealer be used in certain circumstances, for example, if we are aware that the broker-dealer associated with a client's custodian has performed poorly for other clients in the past, or if the trade involves an over-the-counter stock for which that broker-dealer is not a market maker. With respect to brokerage commissions or other trading fees, we will not trade for a client through a particular broker-

dealer if we believe a commission or fee to be incurred is unreasonably high, but we do not maintain a trading desk or conduct market studies of the range of available commissions or fees. As a result, we cannot assure any client that the commission or fee to be incurred is not materially higher than could be obtained by trading through a different broker-dealer.

*1. Research or Other Soft Dollar Benefits (Products or Services Other than Execution Received from a Broker-Dealer or Other Third Party in connection with Client Securities Transactions)*

We do not receive research or other products or services other than execution from a broker-dealer or other third party in connection with effecting client securities transactions.

We do receive certain services from two custodians, Charles Schwab and Fidelity, without cost to us, provided that our clients collectively keep specified minimum amounts of their assets in accounts custodied at Schwab or Fidelity, respectively. Other than that requirement, these services are of a type Schwab and Fidelity make generally available to independent investment advisers and are not contingent on our clients or us meeting any other conditions, including but not limited to incurring any required amount of trading commissions through Schwab or Fidelity. Schwab and Fidelity make available a wide variety of research and services to independent advisory firms like ours, but we do not use any of their research, and we use few of their services.

The services that we do use include obtaining access to client account data, entering trades electronically, facilitating payment of our fees from certain client accounts, assisting with client reporting, and attending educational conferences and events, including webinars, on compliance, practice management and possibly other topics relevant to our business.

The account minimums may give us an incentive to recommend that clients maintain their assets in custody at Schwab or Fidelity, based on our interest in receiving services that benefit our business rather than a client's interest in receiving the best value in custody services and, if they trade through Schwab or Fidelity, the most favorable execution of their transactions. This is a potential conflict of interest. However, we would not recommend that a client use Schwab or Fidelity as custodian unless we believed that to be in a client's best interests. Moreover, our clients have well over the required account minimum in custody at Schwab, and as a result this minimum is not likely to become difficult to satisfy in the future. We understand that if our clients collectively had less than the minimum

custodied with Schwab, Schwab would make available the same services to us at a cost that we regard as not material to our business. Our client assets at Fidelity are closer to its required account minimum, but Fidelity currently allows us to include the assets of both our own clients and FSA clients that are custodied at Fidelity in meeting this threshold, which we expect will allow us to continue to meet it. If client assets custodied at Fidelity were to fall below that level, we understand Fidelity would make the same services available to us at a cost that we regard as not material to our business. However, in both cases, Schwab and Fidelity, the services are not significant to our business or comparable services are expected to be available at other custodians, we will not make recommendations influenced by the availability of these services, and we therefore do not believe that the recommendation of a custodian represents a material conflict of interest.

## *2. Considerations Regarding Recommending Brokers or Directing Transactions in Exchange for Receiving Client Referrals*

It would be a conflict of interest for an investment adviser to select or recommend a broker-dealer, or direct a particular transaction to a broker-dealer, if the adviser receives or expects to receive client referrals from that broker-dealer. We do not receive or expect to receive client referrals from any broker-dealer, and accordingly we do not consider the possibility of such a referral if we recommend any broker-dealer.

## *3. Directed Brokerage*

As described in detail in Item 12.A.1, above, we do not require that a client direct us to execute transactions through a specified broker-dealer, although we generally recommend that clients use the broker-dealer associated with a custodian holding their assets for the reasons described in that item. We are not affiliated with any broker-dealer, and we have no economic relationship with any broker-dealer that creates a material conflict of interest. A client who designates the use of a particular broker-dealer should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities, and any other costs will be comparable to or better than those obtainable elsewhere. We do not generally trade securities (other than mutual fund shares), maintain a trading desk, or employ staff with trading expertise, or have other resources sufficient to perform a meaningful evaluation of execution quality. As a matter of policy, we do not recommend the purchase of individual publicly-traded stocks, other than (1) mutual fund shares or (2) stocks where the purchase decision is made for a client's account by a qualified, unaffiliated separate account manager under a contract between the client and that manager. Similarly, we generally recommend stock

sales (other than mutual funds) only in connection with improving the diversification or overall risk characteristics of a client's portfolio. Because these policies result in minimal trading activity in individual securities resulting from our recommendations, we are not able to and we do not negotiate commission rates and other transaction costs on behalf of our clients, and we cannot guarantee or represent that any particular broker-dealer will necessarily be able to provide a client with the best prices, lowest commissions or superior overall execution quality. It is always possible that other brokerage options with lower commission rates or better prices are available. Clients should understand that they will not derive any advantage from the aggregation by us of trade orders for multiple clients as a single transaction for the purchase or sale of a particular security, because our minimal trade volume (as well as the fact that we usually do not conduct the sale of the same individual security for more than one or two clients on any particular occasion) means that we are not able to implement any such aggregation.

*B. Absence of Aggregation of Purchase or Sale Orders for Various Client Accounts*

As described immediately above, trade activity that we conduct for clients in individual stocks (other than mutual funds) or securities is minimal, and we rarely, if ever, sell an individual stock or security (other than mutual funds) at the same time for more than one client at the same price target. Moreover, if we do conduct such a sale for more than one client, we may employ limit orders at prices agreed upon with the client, which may differ among clients based on their individual goals and objectives. Additionally, it is our policy not to purchase (other than on the specific instruction of a client), or advise a client to purchase, any individual publicly-traded stocks or securities, other than mutual funds. As a result, we do not aggregate the purchase or sale of securities for various client accounts because we do not have the opportunity to do so.



### *A. Periodic Reviews*

Each client's accounts are supervised by the FSA employee, acting on our behalf, who is responsible for delivering investment advice with respect to and/or managing those accounts (the "Adviser"). The Adviser reviews all such accounts at the inception of the client relationship and then, on an ongoing basis, in the course of providing account supervision and monitoring, and also in preparing the quarterly reports that are sent to each client, as described in part C of this item. These reviews involve consideration of each client's current situation (for example, return objective, risk tolerance, cash flow needs, and other client-specific factors) and whether the client's asset allocation and the funds and/or managers within these accounts remain appropriate in light of that situation. Any changes that the Adviser determines are desirable are implemented either as a separate action for that client account or for a set of client accounts as appropriate.

The holdings of client accounts are reviewed by a number of ONA/FSA personnel generally including the Chief Investment Officer, the Chief Wealth Advisory Officer, and the Chief Compliance Officer, taking into account input from the Adviser responsible for those accounts and his or her assistants. ONA intends that reviews of client portfolios by this group will occur on a regular basis during each year, with the expectation that each client's portfolio will be reviewed by the group approximately once a year. These reviews present the opportunity for the group to discuss each client's investments and either confirm that the client's investments remain appropriate considering the client's specific situation or identify circumstances in which a client's investment portfolio may need reconsideration or discussion with the client. The group also evaluates whether the client's asset allocation and specific investment choices remain in line with ONA's current investment views (based on decisions made by the Investment Committee of ONA's parent company, FSA) regarding optimal asset allocations and asset managers in light of then-current market conditions and expectations about future trends.

### *B. Non-Periodic Reviews*

Client accounts may be reviewed on a non-periodic basis in at least two circumstances. First, the firm's view or a recommended manager's circumstances may have changed in a way that requires different recommendations for a significant number of clients. For example, FSA's Investment Committee may have decided that one recommended manager should be replaced with a different manager, or that there is an exceptional opportunity or risk in the current market

environment that should result in a change in certain asset class allocations, or a particular manager or fund may have closed to new investors or shut down. In this situation, the Adviser will review the accounts that are affected by the change in circumstances and make the appropriate changes.

Second, a particular client's individual situation may change at any time in a way that creates a need to review his or her portfolio and make changes. For example, an unexpected cash outlay may have arisen, an inheritance or other large inflow of cash may have occurred, the client may have decided to materially increase charitable gifts or transfers to relatives, or the client's financial situation may have changed in some other way that should lead to adjustments in the current investment profile. In this circumstance, upon becoming aware of the change in the client's situation, the Adviser will decide on appropriate portfolio changes and implement them as promptly as practicable. It is the responsibility of any client whose financial situation (including risk tolerance) changes in a meaningful way to inform ONA promptly of the change and provide all relevant details.

Additionally, if a change in a client's situation is substantial, for example, if the client becomes much more risk averse and substantially reduces his rate of return objective accordingly, then the Adviser has the opportunity to schedule an internal peer review of the client's situation and the responsive actions the Adviser has in mind. This peer review consists of an interactive meeting that typically includes one or more of the other Advisers, the Chief Investment Officer, the Chief Wealth Advisory Officer, and the Chief Compliance Officer, in which the changes in the client's situation are discussed, potential new actions or recommendations are evaluated, and a consensus is reached. Peer reviews usually are held in certain situations in which substantial and meaningful changes, in the judgment of the Adviser, are occurring in a particular client's goals, objectives, or other financial circumstances and in which the Adviser determines that input from his or her peers would be helpful.

### *C. Content and Frequency of Regular Client Reports*

ONA's normal practice is to provide quarterly written reports to each client. Reports may be transmitted by mail or e-mail, or clients may choose to view them on a secure web portal. ONA's reports include information about the securities, funds or other instruments in which the client's account is invested, the performance of the account for the most recent reporting period, and where applicable, the amount of any advisory fees withdrawn from the account. Reports typically contain or are accompanied by ONA's explanation and assessment of the account's performance. The reports or accompanying communications may also

address any investment changes made, or those expected to be made, or those that are being recommended, with appropriate disclosure of the fact and reasons for the changes. ONA's reports do not show specific purchase or sale transactions or the dates or amounts of specific cash additions or withdrawals; that information is instead set forth in the monthly account statements provided to each client by the custodian holding that client's assets.

Investment valuations used in these reports are supplied by third parties, such as custodians and mutual fund companies, and we do not test or confirm the accuracy of these valuations. Additionally, valuations of hedge funds and other private or non-traded investments are provided by the general partners, managers, or other sponsors of these funds or investments and may not be reliable due to the absence of available market price quotes and, in some cases, the absence of an independent third party as part of the valuation process adopted by a particular fund. We are not able to, and do not, verify the valuations for such investments.

*A. Absence of Certain Benefits Received from Non-Clients*

If an investment adviser receives any economic benefit from someone who is not a client of that adviser for providing investment advice or other advisory services, such an arrangement would generally create a conflict of interest. We do not ask for, receive, or accept any economic benefit as a result of, or that in any way depends upon or is related to, our providing any advice or service to any of our clients.

*B. Absence of Compensation for Client Referrals*

Neither we nor any person or entity related to us directly or indirectly compensates any person or entity for referring clients to us. We are not a party to any referral, solicitation, or similar agreement. Some of our personnel receive compensation that can increase as a result of their development of new business for us.

We require all of our clients to have their investment assets that we manage or supervise (other than certain privately-offered investments) held by a “qualified custodian.” A “qualified custodian” most typically includes a bank or a broker-dealer. We are not a qualified custodian, and accordingly we cannot and do not hold any client assets in a custodial capacity. Our clients should have their funds and securities maintained by a qualified custodian in a separate account for each client under that client’s name that is opened by that client. We do not open custody accounts for clients, as an agent or otherwise.

As an investment adviser, even though we are not a qualified custodian, we can be *deemed* to have custody over a client’s account if we have certain powers over that account. We do not need and therefore seek to avoid having any of those powers, with the exception that, for most clients, we do have the ability to make withdrawals from their accounts (pursuant to a standing authorization they give to us and to their custodian) in payment of our advisory fees. In addition, a client may also authorize us to transfer funds directly to another account of the same client, though this authority does not give rise to deemed custody. Clients will receive account statements at least quarterly directly from their qualified custodians and should carefully review those statements, including the amounts of any fee withdrawals or money transfers. Even clients as to whom we have no such withdrawal or transfer power would be well advised to review the account statements they receive from their qualified custodians to make sure that positions and transactions in their accounts are in accordance with their understanding of those accounts. While we provide clients with quarterly reports as described in Item 13.C above, we do not include in our reports any information showing the dates and amounts of all transactions, deposits into, or withdrawals from any account, and clients therefore need to rely on their custodians for this information.

In addition to the foregoing, we could be deemed to have custody of assets in certain circumstances in which one of our supervised persons acts as trustee of a trust, manager of an investment limited liability company or general partner of an investment limited partnership. In any such case, we intend to comply with the custody-related requirements that the SEC imposes, which may include an audit or surprise examination of these assets by an independent accounting firm meeting certain requirements. These audits and examinations can be costly, and as a condition of making one of our supervised persons available to serve in any capacity that results in deemed custody, we will ask the affected client to bear the costs associated with such audits and examinations. Alternatively, we may decline to permit our employee to serve in such capacity.

We generally have discretionary authority over client accounts. In general, this discretionary authority extends to mutual fund (or ETF) shares or other stocks or securities held for a client in a custody account at a qualified custodian that the client has directed to accept trade orders from us. This means that clients give us the right to trade (that is, buy or sell) any security (including a mutual fund) in their accounts without their specific approval of each such transaction. We will generally enter trade orders electronically, employing the discretionary authority by which the client has instructed its custodian to accept such orders from us. If instead a client has hired a manager to manage a portion of the client's assets in a separate account, the client enters into a contract directly with that manager. We will regularly evaluate the performance of the manager, and a client may give us the authority to instruct the manager to raise cash for distribution to the client and/or otherwise increase or decrease the dollar amounts allocated to the manager, but that manager (rather than, and without advice from, ONA) will have discretion to make trades within the portion of the client's portfolio under its management. In addition, clients who invest in privately-offered investments, such as a hedge fund of funds, will be required to complete and execute the necessary subscription documents and withdrawal documents the fund requires to effect such transactions. Interests in privately-offered investments generally may be transferred, if at all, only in limited circumstances and typically only with the consent of the general partner or manager. Any client who does not want a particular security (for example, a company stock with a low tax basis) to be sold should instruct us, in the applicable investment policy statement, not to sell it without the client's consent. Similarly, a client who does not want a particular security or type of security to be acquired (for example, an investment that is not viewed as socially responsible) may impose that restriction in the applicable investment policy statement.

We do not have and we do not accept the authority to vote client securities.

If clients hold a security in their own name, they would generally receive proxies and other solicitations directly from the issuer of that security, or a transfer agent in the case of certain mutual funds, or a proxy solicitor engaged by the issuer.

If a client's securities are held by a custodian in the record name of the custodian, it is our understanding that proxy materials would typically be provided by the issuer or other proxy solicitor to the custodian, who would then forward them to the client for voting. The responsibility to transmit proxies and other solicitations should be addressed in the written custody agreement between a client and the client's custodian, and we recommend that clients review these provisions, as well as all other contractual provisions, to make sure they are satisfactory before signing the custody agreement.

If a client has hired a separate account manager, proxy voting should be addressed in the investment management contract between the client and that manager. Such contracts often provide a client with the opportunity to choose between assigning proxy voting responsibility to the manager or retaining sole voting authority.

We do not generally offer proxy voting advice, with the exception that we may offer advice regarding a vote on an issue we regard as material that relates to a fund or manager that we recommend broadly to our clients. In such a situation, we expect that our understanding of and relationship with the fund or manager should enable us to obtain enough information that we would generally be able to make an informed voting recommendation. We do not have relationships with proxy voting advisory firms, and we are unlikely to be in a position to make similarly informed voting recommendations regarding funds or managers that we do not broadly recommend or any individual stocks. Nevertheless, a client who has a question regarding a proxy solicitation by a particular issuer should feel free to contact his or her Adviser, who will share any relevant information or analysis that he or she may have.

We also do not file class action claims or participate in litigation with respect to holdings in client funds or accounts.

*A. Absence of Balance Sheet*

An SEC-registered investment adviser must include a balance sheet, audited by an independent public accountant, if the adviser requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance. We generally bill in arrears rather than in advance, and in any event we do not require or solicit prepayments of our fees six months or more in advance. Therefore, this audited balance sheet requirement does not apply to us. As a result, we do not have a balance sheet available for examination by any client, prospect or other person.

*B. Absence of Impaired Financial Condition*

An SEC-registered investment adviser must, if certain conditions apply, disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. We do not have any such impaired financial condition.

*C. No Bankruptcy Petitions*

An SEC-registered investment adviser must disclose whether it has been the subject of any bankruptcy petition at any time during the past ten years and, if so, the date of the petition and its current status. We have never been the subject of any bankruptcy petition.