

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 ONA also is available on the SEC’s website at www.adviserinfo.sec.gov.

Company Name: Old North Advisors, LLC.

Address: 50 Federal Street, 3rd Floor, Boston, MA 02110

Contact information:

Phone: (617) 259-1700

Fax: (617) 259-1701

E-mail: info@oldnorthadvisors.com

Website: www.oldnorthadvisors.com

This brochure is dated as of March 24, 2011.

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.

This brochure is a new document prepared in response to many changes the SEC has adopted regarding the disclosures that should be made in the form, and it covers additional items and requests some information that has never been required in prior versions of the form. Therefore, even if you have reviewed a previous version of this form that is similar, you should take the time to read and understand this entire form. Nevertheless, we do not believe that there have been material changes in any of the business practices disclosed in our prior version of this form.

TABLE OF CONTENTS

Item	Page
1. Cover Page	1
2. Material Changes	2
3. Table of Contents	3
4. Advisory Business	4
5. Fees and Compensation	6
6. Performance-Based Fees and Side-By-Side Management	8
7. Types of Clients	9
8. Methods of Analysis, Investment Strategies, and Risk of Loss	10
9. Disciplinary Information	12
10. Other Financial Industry Activities and Affiliations	13
11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	16
12. Brokerage Practices	19
13. Review of Accounts	24
14. Client Referrals and Other Compensation	27
15. Custody	28
16. Investment Discretion	29
17. Voting Client Securities	30
18. Financial Information	31

A. Advisory Firm and Principal Owner

ONA was founded in 2004 by John LaPann, who remains its principal owner. It has operated continuously as an investment adviser since its founding. Federal Street Advisors, Inc. (“FSA”) a registered investment adviser controlled by Mr. LaPann, is also a principal owner of ONA.

B. Types of Advisory Services Offered

ONA offers discretionary 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 does not generally buy or sell individual publicly-traded stocks or debt securities, except in the management of legacy holdings with low cost basis.

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 work with its affiliate Federal Street Advisors (“FSA”) and 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, 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.

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 has particular preferences with respect to including or excluding certain types of assets or managers, we will take those preferences into account.

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 on a discretionary basis. ONA continuously and regularly supervises client assets, and the amount of these assets managed as of December 31, 2010 was \$194,832,000.

A. Compensation and Fee Schedule

For investment management services, ONA charges a fee that is based on the amount of assets to be managed, charging 1% of assets for the first \$ 1 million, 50 basis points (0.5%) on the next \$4 million and 40 basis points (0.4%) thereafter, with a minimum annual fee of \$5,000. We offer a ten percent discount to eleemosynary institutions. Fees for employees of ONA or FSA and fees for their family members may be negotiated or waived.

Occasionally, we may provide some financial planning services without any associated investment management. We do not have a pre-determined fee schedule for any such services or special projects, which may vary greatly in scope and time requirements, and the fee would be negotiated at the time we agree to perform the project. Nevertheless, we estimate the project cost based on charges of up to \$300 per hour for Mr. Peck's services and up to \$600 per hour for Mr. LaPann's services, subject to a negotiated retainer.

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.

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 will include fees the custodian holding a client's assets charges for this custody service and the advisory, administrative, custodial, transfer agency, 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 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 day's prior written notice. In the event of a termination, pre-paid fees, if any, are refundable on a pro-rata basis. Fees due and unpaid upon termination are pro-rated for the portion of the period during which the assets were managed plus the 30 day notice period.

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, private equity 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.

Typically, our investment clients are high-net worth individuals, their families, and tax-exempt foundations. Often included within these client relationships are trusts, estates, and partnerships or other family investment vehicles. We also have experience advising pension plans and charitable trusts. 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 client relationship would typically exceed \$500,000.

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 five 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 maximum standard deviation and drawdown to be exceeded. Even for longer periods, there is no guarantee that the client's objectives regarding investment returns and potential maximum losses can be achieved, since 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 who follow our advice 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 (1) separate account managers who manage individual stocks or fixed-income securities, (2) mutual funds that invest primarily in such stocks or securities and in some instances where appropriate to the client in (3) hedge funds of funds (including, for purposes of this form, exchange-traded funds).

The primary risks associated with stock investments is 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 risk associated with fixed-income investments is 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 can sometimes be less transparent than mutual funds and many other investments. 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 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, private equity 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, 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.

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 is an investment adviser that is under common control with us and is separately registered as an investment adviser with the SEC. We purchase, for compensation, investment research services from FSA. We may refer clients to FSA, and FSA may refer clients to us, but there is no compensation or other consideration for any such referrals that may occur. Also, as owners of ONA, both FSA and FSA’s principal owner may receive distributions funded by income from its operations. Personnel of FSA also commonly participate in ONA’s Investment Committee meetings and may therefore have occasional access to confidential information about our clients, which they are bound to keep confidential.

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, investment research services, due diligence, and 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 it 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. Further, Saltbox Capital will benefit from limited partnership investments by clients of ONA because a portion of the compensation of Saltbox Capital as general partner is determined with reference to the value of Saltbox Fund's assets attributable to these investors. 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, in our discretion, 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 (including funds) 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 employees. 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 ONA's 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 our 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 little, if any, 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. Our personnel may invest in the hedge funds and private equity funds that FSA recommends 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. Further, our code of ethics limits the dollar amount of any stock trades by our personnel, including mutual fund trades, to not more than \$50,000, which we believe would prevent such trades from having any material effect on a fund or its other shareholders.

In the case of hedge funds and private equity 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. Private equity fund interests are not redeemable.

In the case of publicly-traded individual stocks or securities, we do not generally purchase of 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 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 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 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 (\$50,000) 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 and private equity 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 recommends that clients select from among a number of brokers based upon ONA's evaluation of the ability to obtain best execution, taking into account transaction prices, competitiveness of commission rates, financial soundness, reliability, quality of service, efficiency and other relevant factors. ONA does not direct client transactions to any particular broker in return for products or research services. ONA may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), the Fidelity Registered Investment Advisor Group (Fidelity) division of Fidelity Investments, FINRA-registered broker-dealers, Member SIPC, to maintain custody of clients' assets and to effect trades 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 at no charge to them so long as a total of at least \$10 million 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, 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

Schwab and 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 the applicant. Schwab and Fidelity may also provide other benefits such as educational events or occasional business entertainment of ONA personnel. 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. 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), and clients of ONA do not 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, use a different broker-dealer 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 if we believe a commission or fee to be incurred is unreasonably high. 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 receive certain services from a custodian, Charles Schwab, without cost to us, provided that our clients collectively keep a total of at least \$10 million of their assets in accounts custodied at Schwab. Other than that requirement, these services are of a type Schwab makes 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. Schwab makes available a wide variety of research and services to independent advisory firms like ours, but we do not use any of its research, and we use few of its 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 \$10 million minimum may give us an incentive to recommend that clients maintain their assets in custody at Schwab, 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, the most favorable execution of their transactions. This is a potential conflict of interest. However, we would not recommend that a client use Schwab as custodian unless we believed that to be in a client's best interests. Moreover, our clients have over \$150 million in custody at Schwab, and as a result the \$10 million minimum is not likely to become difficult to satisfy in the future. Finally, we understand that if our clients collectively had less than \$10 million custodied with Schwab, Schwab would make available the same services to us at a cost of \$1,200 per quarter, which we regard as not material to our business.

We also receive similar services from a custodian affiliated with Fidelity Investments for some clients, subject to a minimum amount in custody requirement

that our clients do not meet. As a result, we may have a greater incentive to recommend that clients use Fidelity as a custodian so that we may receive these services without payment. However, the services are not significant to our business, we would not make recommendations influenced by the availability of these services, and we therefore do not believe that this 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. As a matter of policy, we do not recommend the purchase of individual publicly-traded stocks, other than mutual fund shares or stocks where the purchase decision is made for a client's account by a qualified, unaffiliated separate account manager. Similarly, we generally conduct stock sales (other than mutual funds and stocks where the sell decision is made by such a separate account manager) 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 an 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 to more than one client at the same price target. (When we do conduct such a sale, we generally employ a limit order, which price may differ among clients based on their individual goals and objectives even if the same security is being sold by more than one client.) Additionally, it is our policy not to purchase 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 President of ONA, who is responsible for delivering investment advice and managing those accounts. The President reviews all such accounts at the inception of the client relationship and then, on an ongoing basis, in the course of providing periodic advice 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 President determines are desirable are implemented either as a separate action for that client account or for a set of client accounts as appropriate.

Mr. Peck conducts a continuous review of each underlying manager's investment performance. Members of ONA's staff and/or the staff of ONA's affiliate, FSA, may assist in the review process by conducting research and statistical comparisons and other related activities. The supervisory review considers each manager's absolute performance and performance relative to appropriate benchmarks and evaluates the extent to which the manager's performance in relation to the amount of risk incurred is and remains appropriate in light of the client's objectives, financial needs and risk tolerance.

The holdings of discretionary accounts are reviewed at meetings of the Investment Committee. The Investment Committee consists of ONA's President, Mr. Peck; ONA's Chairman, John LaPann; and the FSA Director of Research, Kristin Fafard. Reviews by the Investment Committee occur concurrently with the bi-weekly meetings of the Federal Street Advisors Investment Committee and each month as independent meetings. The Investment Committee's review of each account permits the Committee to discuss each client's investments. The Committee verifies that the client's investments remain appropriate considering the client's specific situation or the Committee may identify cases in which the client's investments may no longer be appropriate. The Investment Committee also evaluates whether asset allocation and specific investment choices remain in line with ONA's current views 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 may have changed in a way that requires different recommendations for a significant number of clients. For example, the firm's Investment Committee may have decided that one recommended manager should be replaced with a different manager, or that we perceive an exceptional opportunity or risk in the current market environment that should result in a change in certain asset class allocations. In this situation, the President is responsible for reviewing the accounts that are affected by the change in the firm's view that making 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 President will decide on appropriate recommendations and implement them as promptly as practicable. It is the responsibility of any client whose financial situation changes in a meaningful way to inform ONA promptly of the change and provide all relevant details.

C. Content and Frequency of Regular Client Reports

ONA's normal practice is to provide quarterly reports to each client. In unusual cases, reporting may be less frequent if a particular client specifically requests not to receive quarterly reports. In that event, the client will receive reports annually. ONA's reports include detailed 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 ONA's explanation and assessment of the account's performance in light of the client's needs. The reports will 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.

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, private equity funds, and other private or non-traded investments are provided by the general partners, managers, or other sponsors of these funds and may not be reliable due to the absence of available market price quotes. We are not able to, and do not, undertake to investigate or confirm 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. Certain Compensation for Client Referrals

ONA and Edmund B. Davis (“Davis”) have entered into an agreement pursuant to which ONA compensates Davis for his services in soliciting prospective investment advisory clients for ONA. Under the agreement, ONA pays Davis a percentage of the fees it receives on assets placed under its management through the solicitation efforts of Davis. Specifically, for referring a prospect to ONA, Davis will receive thirty percent of the fees that person or entity pays ONA for a period of one year.

The agreement between ONA and Davis will not result in ONA charging any client an amount in addition to the advisory fee applicable to the client’s account. ONA’s fee schedule, as set forth in Part 2A of ONA’s Form ADV, does not include any differential among clients as a result of ONA’s agreement with Davis.

Davis is an independent contractor who is not employed by or otherwise affiliated with ONA, and he has no authority to provide investment advice or otherwise act for or obligate ONA.

We encourage all of our clients to have their investment assets 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 some 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. Those 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. Even clients as to whom we have no such fee withdrawal 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 regularly provide any account statements 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, such as a senior employee, 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 such capacity that results in deemed custody, we will expect the affected client to bear the costs associated with such audits and examinations.

We have discretionary authority over client accounts. 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, and that manager will have discretion to make trades within the portion of the client's portfolio under its management.

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 ONA's President, who will share any relevant information or analysis that he or she may have.

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 do not require or solicit prepayments of our fees six months or more in advance, and 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.

