

Bluestone Wealth Management LLC

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This brochure provides information about the qualifications and business practices of Bluestone Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at (603) 499-4737. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Table of Contents

Advisory Business	3
Fees and Compensation.....	3
Types of Clients	4
Methods of Analysis, Investment Strategies and Risk of Loss	4
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	4
Brokerage Practices	5
Review of Accounts	5
Investment Discretion	6

Advisory Business

Bluestone provides continuous investment supervisory services to high net worth individuals. Our investment objective is to achieve the greatest wealth accumulation over a long-term investment horizon consistent with a client's individual circumstances, return objectives, and risk tolerance. Bluestone concentrates its investment efforts on determining and maintaining an appropriate asset mix for a client. The five asset classes we focus on are U.S. stocks (across style classes), international stocks, investment-grade bonds, real estate investment trusts (REITs) and cash.

Bluestone's investment supervisory services are provided on an individualized basis. Decisions regarding the type, amount, and holding period of any investment are made in accordance with the client's individual investment policy. A client's investment policy is developed based on a shared understanding of the client's specific financial circumstances, future financial needs, investment goals, return objectives, and risk tolerance. The investment policy is reviewed with the client whenever circumstances dictate.

Bluestone was founded in 2005 by Christine Clinton-Catlin and Elizabeth Catlin, its principal owners. As of March 14, 2011, Bluestone managed \$93.3 million of client assets on a discretionary basis and none on a non-discretionary basis.

Fees and Compensation

The standard annual fee proposed to new clients for investment supervisory services is 1 % of the total market value of each managed account. Fees are calculated using the total market value of the cash, securities, and mutual funds held in the account, excluding any unsupervised securities. Reduced fee rates are offered on accounts larger than \$3 million. Fees are negotiable.

Bluestone's fee is computed quarterly and quarterly fees must be paid in advance. Fees are deducted from the client's assets. If the advisory relationship is terminated, fees will be prorated to the termination date. Unearned prepaid fees, less reasonable expenses, will be refunded.

In addition to advisory fees, clients will also incur brokerage and transaction costs when securities are bought and sold (see brokerage section). Clients also will incur mutual fund expenses if invested in mutual funds.

Bluestone is not compensated other than by client fees and does not earn commissions on the sale of any securities or other investment products.

Types of Clients

Bluestone works primarily with individuals and trusts. The standard minimum amount of investment assets to be supervised is \$1 million per account.

Methods of Analysis, Investment Strategies and Risk of Loss

Together with each of its clients, Bluestone determines and manages a strategic asset allocation. The five asset classes we focus on are U.S. stocks (across style classes), international stocks, investment-grade bonds, real estate investment trusts (REITs) and cash.

Our core implementation strategy uses an index approach across investable asset classes to reduce specific company risk and help smooth market cycles. Using an index strategy allows Bluestone and the client to focus on (1) defining and incorporating an appropriate amount of market risk within the client's portfolio; (2) capturing as much market return as possible given the client's risk tolerance; and (3) maintaining a disciplined investment strategy that avoids inappropriate reactions to volatile markets. Our core strategy gives clients the opportunity to realize higher risk-adjusted rates of return with maximum tax efficiency.

A new client's existing portfolio of individual securities, including any concentrated stock positions, can be managed outside the core strategy. Additionally, upon request, Bluestone can create and manage a satellite portfolio of individual stocks for a client.

Bluestone's investment strategy is risk-sensitive, but any investment in stocks, bonds or mutual funds involves the risk of losing money. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the prices of these securities. Clients should be prepared to bear the risk of loss when investing in securities.

Additionally, Bluestone's judgments about the attractiveness, value, and potential appreciation of a particular asset class may be incorrect and there is no guarantee that securities will perform as anticipated.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Bluestone has a Code of Ethics, which sets out ideals for ethical conduct premised on fundamental principles of openness, integrity, honesty, and trust. The Code of Ethics requires Bluestone's advisers to place the interests of others above their own personal interests, to practice in a professional manner and exercise independent professional judgment, to maintain and improve their professional competence, to promote the integrity of global capital markets, and act at all times in an ethical manner. The Code includes standards of business conduct reflecting Bluestone's fiduciary obligations, provisions requiring compliance with applicable federal securities laws, and provisions to prevent insider trading.

A copy of Bluestone's Code of Ethics will be provided to any client or potential client upon request.

Bluestone and its principals maintain personal securities portfolios that include securities held in client portfolios. Bluestone observes its fiduciary obligation when making security transactions for client portfolios. Buy and sell orders for client accounts are generally aggregated, and the shares traded are allocated daily on a pro-rata basis at the day's average realized price. When applicable, Bluestone's and its principals' accounts are included in such allocations.

Brokerage Practices

Bluestone's objective in the selection of a broker-dealer for any transaction is to obtain the best combination of price and execution. Best price, giving effect to brokerage commission, if any, and other transaction costs, is normally the paramount factor in the selection, but the decision also takes into account the quality of brokerage services, including execution capability, willingness to commit capital, financial stability, and clearance and settlement capacity. Transactions will therefore not always be executed at the lowest available commission.

The reasonableness of brokerage commissions is evaluated on an ongoing basis. Review of the general level of commissions paid and comparison with industry data are factors in the evaluation.

Research furnished by broker-dealers may be used in servicing any or all of Bluestone's clients.

Fixed income securities are generally purchased directly from the issuer or on a net basis from a primary market maker acting as principal where no brokerage commission is charged. Such securities, as well as equity securities, may also be purchased from underwriters at prices which include underwriting fees.

Bluestone often recommends that clients employ broker-dealers as custodians. In doing so, Bluestone considers: the broker-dealer's execution, clearance and settlement capabilities; whether the broker-dealer offers insurance in excess of the insurance afforded by the Securities Investment Protection Corporation; Bluestone's knowledge of the broker-dealer's financial stability and capabilities; and the broker-dealer's willingness to negotiate commission rates.

Applying these criteria, Bluestone has typically recommended Fidelity Investments as a custodian. Bluestone uses Fidelity's WealthCentral platform for account management.

Review of Accounts

Bluestone uses an in-house portfolio management software program that allows accounts to be updated and reviewed on a daily basis. Major holdings are monitored daily by the firm's

principals for significant price movement and corporate and/or market events. Discussions with clients and potential transactions generally trigger a detailed review.

Bluestone provides clients with quarterly written account appraisals, and account appraisals also can be provided whenever requested. Account appraisals are divided into major asset classes, e.g. stocks, bonds, and cash equivalents. For each security held, the appraisal details the number of shares or par value, the cost, the current market value, and the estimated annual interest and dividend income. Additionally, performance reports can be generated that show the time-weighted rate of return for the account over specified historical time periods.

Investment Discretion

When providing investment supervisory services, Bluestone is retained on a discretionary basis and is authorized to determine and direct the execution of security transactions without consulting the client. Clients may limit Bluestone's discretionary authority in terms of the type or amount of securities to be bought or sold, the broker-dealer to be used, or the commission rates to be paid. Bluestone prefers to select the broker-dealers who execute security transactions.