

# 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.**

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

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## **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 February 29, 2016, Bluestone managed approximately \$140 million of client assets on a 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.

### **Custody**

Every client receives account information directly from a qualified custodian on a monthly basis, and should carefully review this information and compare it with information provided by Bluestone when evaluating account performance, securities holdings, and transactions.

### **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.

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*This brochure supplement provides information about Christine Clinton that supplements Bluestone Wealth Management LLC's brochure. You should have received a copy of that brochure. Please contact Bluestone if you did not receive the brochure or if you have any questions about the content of this supplement.*

## **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Christine Clinton, born in 1967, holds a BA in Economics from Mount Holyoke College (1990) and a MS in Accounting from the University of Massachusetts, Amherst (1995). She is a CPA. Christine worked in the High Tech Practice in the Boston office of Arthur Andersen from 1995-1999. She was Corporate Controller for several high-tech start-up companies in the Boston area from 1999-2003. Since 2005, she has been a principal of Bluestone Wealth Management LLC.

Christine is a Chartered Financial Analyst (CFA) charterholder. The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.



The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

#### **DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES, & ADDITIONAL COMPENSATION**

Christine has not been involved in any legal or disciplinary events material to her work as an investment advisor. She is not actively engaged in any other investment-related business or occupation, nor does she receive compensation for advisory services from any source other than her regular compensation from Bluestone.

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## **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

Elizabeth Catlin, born in 1967, holds a BA in Psychology from Harvard College (1989) and a JD from Duke Law School (1994). She is a member of the Vermont Bar. After completing a post-graduate judicial clerkship and a public interest fellowship, Elizabeth worked as a corporate litigator for Williams & Connolly in Washington D.C. from 1997-1999. She then served as the senior clerk for a United States Court of Appeals judge from 1999 until the spring of 2005. Since 2005, she has been a principal of Bluestone Wealth Management LLC.

Elizabeth is a Certified Financial Planner (CFP).<sup>®</sup> The CERTIFIED FINANCIAL PLANNER™, CFP<sup>®</sup> and federally registered CFP (with flame design) marks (collectively, the “CFP<sup>®</sup> marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP<sup>®</sup> certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP<sup>®</sup> certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP<sup>®</sup> certification in the United States.

To attain the right to use the CFP<sup>®</sup> marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP<sup>®</sup> Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP<sup>®</sup> professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP<sup>®</sup> marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

#### DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES, & ADDITIONAL COMPENSATION

Elizabeth has not been involved in any legal or disciplinary events material to her work as an investment advisor. She is not actively engaged in any other investment-related business or occupation, nor does she receive compensation for advisory services from any source other than her regular compensation from Bluestone.