

Item 1: Cover Page



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This brochure provides information about the qualifications and business practices of Eastern Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 617-897-1119. 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. Eastern Investment Advisors is an SEC registered investment adviser, however, registration does not imply a certain level of skill or training.

Additional information about Eastern Investment Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Last Updated as of: December 31, 2010

Item 2: *Material Changes*

The below information outlines any changes since our last brochure dated, December 31, 2009.

On June 29, 2010, Eastern Bank Corporation, our parent company, signed a definitive agreement to acquire Wainwright Bank & Trust Co. The merger was completed on November 17, 2010.

Wainwright Bank & Trust has a wholly owned subsidiary, Heritage Capital Management, Inc. (Heritage). Heritage is an SEC registered investment advisory firm and now part of Eastern Investment Advisors, Inc. (EIA). The acquisition has added one new staff members to EIA; Timothy E. Woolston, Vice President. Mr. Woolston's educational background and business experience is detailed in Part 2B of Form ADV, Item 2.

On March 31, 2011, Heritage will withdraw its registration as an SEC investment advisory firm.

As part of the acquisition, EIA has established an institutional relationship with Charles Schwab & Co., Inc. (Schwab). EIA will have access to Schwab's Advisor Services web site and operations team. The details of this relationship are in Item 12: Brokerage Practices and Item 15: Custody.

EIA has made some material changes to its fee structure, details of which can be found in Item 5: Fees and Compensation.

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Item 4: *Advisory Business*

Eastern Investment Advisors, Inc. is a wholly owned subsidiary of Eastern Bank, the largest mutually owned commercial bank in the United States. Eastern Bank was established in 1818 and its corporate offices are located in Boston, Massachusetts. EIA was established as an United States Securities and Exchange Commission registered investment advisor in October, 2008.

EIA principally provides investment advice through model-based investment management as a sub-advisor to accounts of a principal investment advisor or wrap fee program sponsor and, from time to time, directly to clients who are not investment advisors or sponsors. Any non-model-based accounts will be managed in accordance with the disclosures made by EIA, applicable regulatory restrictions and the client's investment objectives, financial needs, and risk tolerance.

Separate Individual and Institutional Accounts

EIA also acts as the principal investment advisor and provides investment supervisory services to individual clients. Individual accounts will be managed in accordance with each client's investment objectives, including any imposed restrictions, as set forth by the client, in writing.

Sub-Advisory or Wrap Fee Accounts

When EIA acts as a sub-advisor to a principal investment advisor or wrap fee program sponsor, it will rely on its clients, whether such clients are the principal investment advisors, banks, broker-dealers or wrap fee program sponsors with respect to the assets under management, to ensure that the selection of a particular investment strategy and the investments in an account are consistent with the ultimate clients' investment objectives, financial needs and risk tolerance.

1. Creation of model investment portfolios. EIA will create a model investment portfolio for each investment strategy identified by the client. Each such model portfolio will consist of EIA's approved list of securities for the strategy and respective security weights.

2. Investment implementation. The client will select the investment strategy that is appropriate for an account, and the account will be traded in accordance with the corresponding model investment portfolio.

When EIA is retained by a broker-dealer in a wrap fee arrangement offered by such broker/dealer, the broker/dealer generally pays EIA's investment advisory fee on behalf of the broker/dealer's client, monitors and evaluates EIA's performance, executes any transactions in the portfolios of its clients without commission charge and provides any combination of these or other services, all for a single fee paid by the broker/dealer's client to the broker/dealer. EIA's investment advisory fee under such a wrap or all inclusive fee arrangement may differ from that offered to other clients.

As of December 31, 2010, EIA client assets managed on a discretionary basis totaled \$1,451,250,000; and client assets managed on a non-discretionary basis total \$1,930,000.

Item 5: Fees and Compensation

EIA's fees are tiered based on the total market value of a portfolio, according to the following standard fee schedule:

- Equity and balanced portfolios, the sum of the following percentages of assets under management:
 - 1.00% per annum on the first 1,000,000.00 of market value
 - 0.85% per annum on the second 1,000,000.00 of market value
 - 0.65% per annum on the third 1,000,000.00 of market value
 - 0.55% per annum of the next 2,000,000 of market value
 - 0.50% per annum on the next \$5,000,000
 - 0.45% on the next \$10,000,000
 - 0.40% on the remaining balance
- Fixed-income portfolios, 0.30% on the entire amount of assets under management in the account.

EIA offers a 10% discount on management fees to non-profit clients. Special circumstances may cause fees to vary from the above schedule. EIA may group multiple accounts of one client relationship together for purposes of calculating the fee, or may not charge a fee to small accounts of a client because of the value of the total relationship. EIA reserves the right to negotiate fees with clients, and may charge lower fees than those quoted above.

Fees are generally payable quarterly in arrears. Clients whom custody assets at Charles Schwab & Co., Inc. are able to authorize Schwab to pay investment advisory fees to EIA from a Schwab account designated by the client. Other options include payment by check and authorize other custodian to pay advisory fees at EIA's request.

Other fees that clients may incur include tax liabilities, custodian fees, and brokerage and other transaction costs. See Item 12, Brokerage Practices, for more details.

Clients may terminate investment advisory contracts at any time with 30 days written notice. Final management fees will be pro-rated to date of termination. Requests for refunded fees must be made in writing to EIA.

Item 6: Performance-Based Fees

Eastern Investment Advisors (EIA) does not accept performance based fees, which are fees based on a share of capital gains or capital appreciation of the assets of a client.

Item 7: *Types of Clients*

EIA's primary client is Eastern Wealth Management, Eastern Bank's trust and asset management division, which EIA serves pursuant to an investment sub-advisory agreement by providing investment advisory and management services to accounts managed by Eastern Wealth Management.

EIA provides investment management services for individuals, trusts, and retirement plans. EIA will manage an account or accounts on behalf of a client if the aggregate asset value of the accounts managed on behalf of such client equals at least \$1,000,000.

EIA also provides investment management services pursuant to a sub-advisory agreement with IPI through their wrap program. We provide an ETF/Mutual Fund only strategy.

Item 8: *Methods of Analysis and Investment Strategies*

Eastern Investment Advisors, Inc. (EIA) is a long only, active manager which manages money in a Top-Down, Bottom-Up approach utilizing proprietary models that analyze companies as well as macroeconomic and global trends. We manage client portfolios consisting primarily of individual securities. Our goal is to produce risk adjusted returns in a cost effective manner that are consistent with our client's investment goals and objectives. Where we do not have the resources to identify individual securities (as in emerging markets or high yield debt), we will utilize exchange traded funds (ETFs) or other passive vehicles to gain exposure to desired asset classes. We may occasionally use actively managed mutual funds if suitable passive alternatives are not available or too illiquid. In those cases, we apply the same stringent criteria in selecting outside managers as we would in selecting securities.

EIA manages three equity separate portfolios, EIA Core Equity, EIA Multi-asset and SRI (Socially Responsible Investing). Both separate accounts are benchmarked against the S&P500 Index and apply the following philosophy to both portfolios:

- 1) Active management - Our portfolio managers can out perform benchmarks through the thoughtful application of their investment knowledge.
- 2) Fundamental research - Cash flow, Earnings, Return on Equity are key to a company's success
- 3) Macro economic analysis - Macro economic trends in the U.S. and abroad, can impact a single company, an industry and/or an entire economic sector. By understanding these trends, we better understand the risks and opportunities.
- 4) Technical analysis - Through the study of historical data patterns (primarily price and volume) we can improve our ability to establish or sell security positions, thereby adding value to our client's portfolio.
- 5) Risk management - The potential return of an investment must take into account the risk associated with the investment. EIA uses tracking error, defined as the standard deviation of excess return (potential divergence of a portfolios value from that of its benchmark). EIA monitors the tracking error of each portfolio as well as individual

security contribution to tracking error to ensure that each portfolio remains within pre-specified risk parameters.

- 6 Team based decision making - Any individual security, or an ETF, is bought or sold based on the input of our investment team. We believe the conclusions of the team will generally be superior to the conclusions of any one individual on the team.

EIA Core Equity

EIA manages the Core Equity portfolio with individual stocks that is measured against the S&P500 Index. Using this as the core of the clients overall asset allocation. The portfolio is well diversified to lower overall volatility. Stock selection is based on a combination of top-down, macroeconomic indicators and bottom-up, company analysis. Some key selection factors include earnings growth, attractive valuation, and strong management and operating metrics.

EIA Multi Asset

In addition to the Core Equity portfolio, EIA also manages the EIA Multi Asset portfolio in the same manner as Core and will use ETFs or similar low cost investment vehicles to invest in alternative asset classes such as emerging markets, developed international markets, commodities, and private equity. The portfolio is well diversified to lower overall volatility. Stock selection is based on the same criteria as the Core Equity portfolio, a combination of top-down, macroeconomic indicators and bottom-up, company analysis. Some key selection factors include earnings growth, attractive valuation, and strong management and operating metrics. EIA Multi Asset will also utilize ETFs to further diversify, reduce volatility and gain exposure to extended asset classes such as emerging markets, international, commodities, and private equity.

EIA SRI (Socially Responsible Investing)

EIA also provides a SRI portfolio consisting of individual stocks that is measured against the S&P 500 Index. The portfolio is well diversified to lower overall volatility. Stock selection is based on a combination of top-down, macroeconomic indicators and bottom-up company analysis. The companies are also reviewed for SRI criteria such as environmental concerns, consumer protection, human right, diversity of its Board of Directors among others.

Equity Selection Process

The equity selection process will incorporate three disciplines: macroeconomic, fundamental, and quantitative analysis. Macroeconomic analysis will be employed to examine factors such as the current position in the business cycle and demographic trends. Fundamental analysis will be employed to examine in detail a company's business, its financial statements, its competitive position, and quality of management, among others measures. Quantitative analysis will incorporate valuation measures which will include, but are not limited to, price/earnings, discounted dividend model, price/book value, PEG ratios and enterprise value/EBITDA. In order for a stock to be considered for inclusion in an account, the equity must be attractive in all

three disciplines. In order for a stock to be eligible for sale, it will only need to fail in one of the three disciplines. EIA will apply this multi-disciplined approach to each equity product, which will range from a core S&P 500 benchmarked portfolio to growth and value products.

The EIA investment analysts will present their recommendations to the Investment Team. The team will vigorously review the analysts' recommendations to decide whether or not the stock is included in one of the equity portfolios. Approved equity holdings will be reviewed daily by the investment analysts assigned to the applicable sector(s) along with the senior portfolio managers to confirm whether or not the reasons for holding the stocks remain valid. If there is a concern pertaining to a particular stock, the investment analyst will follow the same procedure in reviewing the stock with the Investment Team as was used to select the equity to determine if it continues to be an appropriate investment.

Fixed Income Security Selection

The first step in managing a fixed income investment portfolio will be to determine its maturity structure. This will be accomplished by carefully analyzing the business cycle. When deciding whether to buy longer term or shorter term securities, it will be important to know where interest rates are in relation to the various cyclical forces currently at work in the economy.

Purchase of municipal, U.S. Treasuries, Government Agencies, corporate and high yield securities, is determined based on a variety of factors which quantify risk vs. reward – i.e., the spread over Treasury securities and credit agency ratings.

The final step in the fixed income security selection process will be to determine that all separately held non-treasury and agency securities identified for purchase meet the quality standards required of fiduciary institutions. In order to make this determination, EIA's fixed income trader will rely on the credit ratings provided by major rating agencies such as Moody's and Standard & Poor's. The following standards will be met:

(a) All corporate bonds must be rated at least A by Moody's and Standard & Poor's.

(b) If an A rated security is downgraded to Baa, it may continue to be held in the portfolio. However, if it is downgraded to a rating less than Baa, it will be considered for sale.

(c) All commercial paper must be rated A1, P1, and any bank CD must be either FDIC insured or rated A or higher by Moody's or Standard & Poor's.

(d) As with the corporate instruments, EIA will require that all municipal bonds be rated at least A by either Moody's or Standard & Poor's.

(e) Pooled vehicles such as exchange traded funds, fixed income mutual funds or separately managed external portfolios may hold securities which have differing criteria.

ETF/Mutual Fund Strategies

EIA also offers ETF/Mutual Fund Strategies. The purpose of these strategies is to provide diversification across asset classes for clients' accounts that many not be able to participate in our SMA strategies due to the market value.

Asset Allocation

There are two broad categories of asset allocation: strategic and tactical.

Strategic Allocation

Strategic allocations to stocks, bonds, and cash are intended to be long-term in nature, and they reflect asset class projections as well as client-specific considerations, such as risk tolerance and financial objectives. They are generally set by the client, or in the case of Eastern Wealth Management, by the client in consultation with the EWM account officer. EIA often influences the strategic allocation decision by predicting asset class returns and risk, but is never responsible for determining the allocation itself. The benchmark is defined by the strategic allocation. EIA offers a range of strategic allocations that are shared by many clients, and can manage to a custom allocation if desired by a particular client.

Tactical Allocation

EIA actively manages around strategic allocation positions to optimize risk/return potential, based on market conditions and asset class projections. This management may take two forms. First, an asset class may be overweighted or underweighted relative to the benchmark by up to 20% of the fixed weight. For example, if the strategic allocation is 60% stocks and 40% bonds, stocks will be managed in the range of 48% to 72% (benchmark plus or minus 12%, which is 20% of the normal 60% stock weighting).

Second, EIA may include within an asset class alternatives which are deemed to be sufficiently similar to that asset class. For example, equities are generally comprised of large-cap domestic equity securities. But within this asset class, EIA may actively allocate to international, emerging markets, small and midcap, and various commodities. These allocations are usually accomplished using ETFs or ADRs. In addition, the growth and value style-specific components of the multi-asset equity portfolio may be overweighted or underweighted. As regards bond portfolios, EIA may actively allocate to high yield or other credit classes, as well as real estate.

Asset Allocation Process

Asset allocation discussions and decisions occur at the equity investment meetings (held thrice per week), bond meetings (held weekly), and at a special strategy review meeting (held monthly). The relative attractiveness of asset classes is based on three broad categories of inputs: valuation, top-down fundamental, and technical. These are described below.

Valuation: Relative valuation is determined for equity classes based primarily on price/earnings ratio relative to interest rates, and secondarily on price/book, price/sales, and price/cash flow. Proprietary EIA forecasts for the variables are compared to historical norms to determine relative attractiveness and implied returns. For bonds and credit classes, current yields are combined with forecasted changes in spreads and rate levels to determine relative attractiveness.

Fundamentals: These include forecasts of key economic variables such as GDP and its components, corporate earnings, currencies, fiscal and monetary policy, and thematic overlays which are likely to influence financial markets.

Technical: These include relative performance, sentiment, funds flows, and the positioning of other market participants.

In general, valuation is reviewed at the monthly strategy meeting, and this forms the backdrop for subsequent asset allocation discussions throughout the month. Portfolio maintenance is also a focus of this meeting, so we may adjust our allocation weights that may have drifted due to market movement. Fundamental and technical inputs are considered at the equity and bond meetings, within the context of the output of the valuation models. Asset allocation changes occur when attractive valuations are supported by identifiable fundamental and technical catalysts.

We offer a wide variety of asset allocation products that include: 100% Fixed Income, Conservative (65% Fixed Income/35% Equities), Balanced (50% Fixed Income/50% Equities), Growth with Income (40% Fixed Income/60% Equities), Growth (25% Fixed Income/ 75% Equities) and Aggressive Growth (100% Equities). These asset allocations offer our clients a wide range of options to meet their clients' needs.

Reallocating and Rebalancing

Once established, EIA will reallocate a portfolio strategy from time to time, as appropriate, to rebalance portfolio weightings back to appropriate target levels, gain exposure to attractive opportunities or otherwise change portfolio allocations. Generally, EIA will reallocate portfolio strategies two to four times per year, which translates into 10-40% portfolio turnover per year, but reallocations are dictated by market conditions and generally will not occur at regular intervals. Reallocations will involve much the same portfolio construction work, including solicitation of research ideas, scenario testing, etc., as establishing a new portfolio.

In certain situations, a "change" will be made that involves the return to previous weightings after a period of significant market movements. These changes, known as "re-balancings," generally will be undertaken when asset class weights have moved more than 5% from long-term model target weights.

Risk of Loss

Investment Risk or the possibility that a portfolio could lose market value is a fact that all investors should be aware. Investment vehicles can fluctuate in value based on a number of

items such as macro economic concerns, changes in interest rates, or mismanagement at a company.

EIA works with its clients to explain the risks of investing.

Item 9: *Disciplinary Information*

EIA does not have any legal or disciplinary events pending or settled.

Item 10: *Other Financial Industry Activities and Affiliations*

Eastern Bank and the affiliates listed below:

Eastern Wealth Management

Eastern Capital Markets

Eastern Benefits Group

Eastern Insurance

In addition we work with:

IPI

FundQuest

Moors & Cabot

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

Code of Ethics

Eastern Investment Advisors, Inc. (“EIA”) is committed to serving its customers with the highest level of expertise and professional conduct. EIA’s commitment to excellence is evidenced by a code of ethics, which has been adopted based on the principal that each Employee of EIA should conduct his or her affairs, including personal securities transactions, in such a manner as to avoid serving his or her personal interests ahead of the accounts managed by EIA (the “Accounts”) and to avoid conflicts of interest. This Code cannot address every circumstance that may give risk to a conflict, a potential conflict or an appearance of a conflict of interest. Therefore, each Employee is expected to be alert to such conflicts of interest with the Accounts and to conduct himself or herself with good judgment.

A copy of EIA’s code of ethics is available upon request.

Participation or Interest in Client Transactions

EIA, nor any of its related persons, does not have a material financial interest in any of the securities it buys or sells and does not act as a general partner in a partnership in which they solicit clients investments nor as an investment adviser to an investment company.

Personal Trading

No Employee shall for his or her own account, or for an account as to which he or she has direct or indirect beneficial ownership, acquire or trade any Covered Securities (except for shares issued by mutual funds) without the prior written approval of the Chief Compliance Officer. However, if the Chief Compliance Officer is not available, approval may be granted by the Chief Investment Officer/President or any Managing Director. Notwithstanding anything to the contrary contained herein, no Employee shall for his or her account, or for an account as to which he or she has direct or indirect beneficial ownership, acquire any securities in an initial public offering or a Limited Offering without the prior written approval of the Chief Compliance Officer. The Chief Compliance Officer will keep a record of each such approval granted by him or her.

Employees are prohibited from trading in a Covered Security (except for shares issued by mutual funds) for his or her own account, or for an account as to which he or she has direct or indirect beneficial ownership, for a period of three (3) trading days prior to when such security is traded for any Account, except when the security is being traded for an Account for reasons beyond EIA's control (e.g., liquidation of an Account at the client's discretion). When requesting approval of a transaction in a Covered Security the Employee must inform the Chief Compliance Officer if he or she is aware that the Covered Security is being considered for purchase or sale for any Accounts within three (3) trading days after the date the transaction in the Covered Security is expected to occur.

If the Employee receives permission to trade a Covered Security, the trade must be executed before the end of the next business day after permission has been received, provided, however, that such permission shall be terminated if prior to executing the trade EIA determines that the execution thereof at such time would violate this Code. If the trade is not executed within that time frame and the Employee still wishes to effect the transaction, pre-clearance in the manner described above must be obtained again.

“Covered Security” means a security as defined in Section 2(a)(36) of the Investment Company Act of 1940, as amended (the “1940 Act”), except that it does not include direct obligations of the Government of the United States, bankers’ acceptances, bank certificates of deposit, commercial paper, high quality short-term debt instruments (including repurchase agreements), and shares issued by money market funds and open-ended investment companies. Covered Securities include, but are not limited to, stocks, bonds, closed-end funds, options and warrants. A covered security for EIA primarily means securities currently held in any of the equity model portfolios or securities that are currently being considered for purchase or sale.

Item 12: Brokerage Practices

Brokerage and Trading Policy Guidelines

EIA policies and procedures are designed to protect clients from brokerage and trading practices that may harm, adversely impact, or treat clients unfairly in any way. The policies and procedures address best execution and client directed brokerage.

Statement of Policy

It is EIA policy to trade securities on behalf of its clients and keep records consistent with its fiduciary obligation to its clients and in compliance with applicable law. As a fiduciary to its advisory clients, EIA will also seek the best execution for client transactions. As part of EIA's policy, its best execution practices include gathering relevant information, monitoring its trading activities and periodically reviewing, and evaluating the services provided by broker/dealers, quality of executions, research commission rates and overall relationship, among other things.

Detailed Procedures

Discretionary Brokerage

When EIA has discretion to select brokers for the purchase or sale of fixed income and equity securities, its objective will be to seek to obtain the best combination of price and execution with respect to portfolio transactions in the client accounts. EIA will use numerous brokers for the purchase and sale of securities and will select specific brokers based upon several factors, including:

1. The extensiveness of the broker's distribution network and its ability to fulfill more difficult orders.
2. The broker's execution abilities including the level of accuracy in executing orders speed of execution and ability to obtain best net price.
3. The broker's administrative abilities, including efficiency of reporting, settlement efficiency and proper correction of trade errors.
4. The brokers research capabilities and ability to provide market information and usefulness of such research in the management of client accounts
5. The extent to which the broker provides the adviser with access to companies and analysts through conference or other contacts.
6. The financial stability of the broker.
7. Commission rates should be reviewed at least annually, together with the value of any services provided by the broker. This review will also include the price per share commission paid vs. its peer group.

When appropriate under its discretionary authority and consistent with its duty to seek best execution EIA may direct brokerage transactions for client accounts to brokers who provide EIA with research or certain other benefits. The total cost of such brokerage transactions, including commissions, has been, and is expected to continue to be within the range of prevailing competitive rates. EIA may not necessarily seek the lowest commission rate, but rather a competitive net rate that may include the receipt of "brokerage and research services" as defined in, and in compliance with, Section 28(e) of the Securities Exchange Act of 1934 as amended.

The research services current provide to EIA include research information on investment styles and themes, economic, geopolitics, economic sectors, specific stock, fixed income and asset classes. Also included are certain soft dollar services such as analytic tools to research equities

and fixed income securities. Additional information can be found under the “Soft Dollar Policy”.

On an on-going basis, EIA will compare the prices of executed trades with prevailing market prices to verify that it is receiving best execution.

Client Directed Brokerage

In circumstances where a client directs EIA to use a certain broker-dealer, EIA will obtain such direction in writing from the client. The client should be informed of the following details:

1. A client who directs EIA to use a specific broker may pay higher commissions on some transactions than might be attainable by EIA, or may receive less favorable execution of some transactions, or both;
2. A client who directs EIA may forego any benefit from savings on execution costs that EIA could obtain from its clients through negotiating volume discounts on batched transactions;
3. A client who directs EIA may restrict EIA from receiving research-related products and services available from other brokers;
4. EIA may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and
5. Clients directing commissions may not generate returns equal to clients which do not direct commission.

Soft Dollar Arrangements

EIA will use research and other services obtained from broker-dealers on a soft dollar commission basis and, as a matter of policy. Also, in the event any soft dollar services obtained may have mixed uses – i.e., for research and non-research purposes, a good faith and reasonable allocation of the uses will be made between soft dollar commissions and EIA’s own funds, also known as “hard dollars”.

In all cases, the research and other services provided under soft dollar arrangements will be limited to those deemed appropriate by all pertinent regulatory agencies. The cost of the services provided under which soft dollars are earned will be carefully monitored for competitiveness.

In addition, EIA will review the financial strength and stability of the broker, the broker’s competency in executing trades both large and small size, the commission rate, the broker’s operational ability to handle on the basis of payment of delivery and the brokers research capabilities and usefulness of such research in the management of client accounts.

EIA will conduct a formal analysis of its brokerage relationships semi-annually, typically in June and December. It will also conduct a competitive analysis of brokerage commission rates paid vs. peers on an annual basis.

An annual master brokerage allocation budget is determined each year incorporating both soft dollar services and research based services. The budget shows the list of broker dealers and each arrangement, the targeted commission amount needed to satisfy each arrangement for either soft dollar or research brokers, the soft dollar ratio and any soft dollar or credit balance carried over from the prior year.

A copy of EIA entire Soft Dollar Arrangement is available upon request.

EXHIBIT A

Examples of Eligible Research Services

Traditional research reports
Market data
Commercially available economic, market data and market tracking services used in making decisions
Financial and political analysis
Fundamental and technical analysis
Financial databases
Software that provides analyses of securities portfolio
Market research or trade analytical software
Advice from broker dealer on order execution, including advice on execution strategies
Discussions with research analysts
Meeting with corporate executive to obtain oral reports of the performance of a company
Seminars or conference if they truly relate to research
Travel and related expense are *not* eligible
Corporate governance research
Consultant services related to advice with respect to portfolio strategy

Examples of ineligible services include

An advisers operation overhead expense for travel, hotel, entertainment and means associated with attending seminars or conferences
Office equipment, office furniture and business supplies
Salaries
Rent
Utilities
Accounting fees and software
Tax software
e-mail software
Internet service
Legal expenses
Marketing
Membership dues
Professional licensing fees
Software to assist with administrative and back office functions

Office furniture
Computer hardware and terminals and all telecommunications lines
Consultant services related to the advisers internal management or operations
Mass marketed publications
Products or services offered by a proxy service provider than handle the mechanical aspect of voting proxies
Exam review courses

Item 13: *Review of Accounts*

EIA conducts monthly portfolio review meetings where portfolio characteristics are reviewed to ensure the portfolio is managed to the style stated within the portfolio's objective.

EIA will monitor (a) the performance of each model investment portfolio to confirm that it continues to address the investment strategy for which it was created and (b) will manage the portfolio in accordance with the investment objective for the strategy, but EIA will have no responsibility for monitoring the performance of the ultimate EWM client account to determine whether the accounts are being managed in accordance with the individual investment objectives, goals and restrictions of the ultimate clients or advising the ultimate clients as to any changes in investment strategy.

Depending on the investment strategy, EIA may diversify portfolios using a combination of money market instruments, fixed income instruments, equities and/or mutual funds. The allocation between these three major types of investments will be determined by EIA's Investment Team, which will be composed of senior investment managers. The asset allocation strategies will encompass at least the six primary investment objectives: maximum income, conservative, balanced, growth with income, growth, and aggressive growth. EIA also manages three equity model portfolios, namely Core, Multi Asset and SRI.

In addition, EIA manages ETF/Mutual Fund strategies, encompassing the same six primary investment objectives listed above. The principal reason for this strategy is to provide diversification for client's accounts that may not be able to participate in our SMA strategies due to market value.

For EIA accounts that consist of individually managed accounts and custodied at Charles Schwab, they are formally reviewed on a yearly basis. However, most of these accounts are reviewed more frequently due to customer contact and scheduled reviews with Investment Boards associated with a particular account. Customers' receive an investment report listing the securities currently held.

Item 14: *Client Referrals and Other Compensation*

EIA does not receive any other economic benefit, such as a sales award or other prizes, for providing investment advice or other advisory services to our clients.

Item 15: *Custody*

For EIA's primary client EWM, EIA does not directly maintain custody of funds or securities, its parent, Eastern Bank, maintains custody of the assets under management under the Investment Sub-Advisory and Management Agreement, dated as of February 6, 2009, between Eastern Bank, through its Eastern Wealth Management division, and EIA. Eastern Bank has delegated functions related to physical custody of assets to Bank of New York Mellon (BONYM), a qualified custodian which acts as agent for Eastern Bank.

Due to certain events, specifically the Madoff situation, the SEC decided to overhaul the custody rules that have been in place since 2003. In December 2009, the SEC approved the final amendments and the new rules went into affect on March 12, 2010. The SEC's definition of custody changed the requirements for EIA. According to the SEC, if an affiliate, specifically Eastern Bank, has custody it is necessary to obtain an internal control report from an independent PCAOB accountant, attesting to the qualified custodian's controls related to safekeeping of client assets. The contract with the accountant must provide for a surprise exam conducted annually. This was completed and the appropriate documents were filed with the SEC.

For individually accounts managed by EIA, securities and client funds are custodied at Charles Schwab. These clients, in addition to receiving quarterly statement from EIA, will also receive monthly statement directly from the custodian. It is recommended that clients compared both account statements for accuracy.

We also provide investment management services to Moors & Cabot and IPI. We do not maintain custody of funds or securities for either firm and they have contracted with a qualified custodian that purpose.

Item 16: *Investment Discretion*

EIA will accept discretionary authority to manage securities accounts on behalf of clients. EIA requires that it be in written form and is listed in the client agreement.

Item 17: *Voting Client Securities*

Rule 206(4)-6 requires that EIA, given that it exercises voting authority over client proxies, adopt and implement policies and procedures that are reasonably designed to ensure that EIA votes proxies in the best interest of the client. The rule requires that EIA's policies and procedures describe how the advisor addresses material conflicts between its interests and those of its clients with respect to proxy voting. The rule also requires EIA to disclose to its clients information about those procedures and policies, and how the client may obtain information on how EIA has voted the client's proxies. Additionally, Rule 204-2 has been amended to require EIA to retain certain records relating to proxy voting.

PROXY VOTING PROCEDURES

We have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote the proxies of our clients is established by our advisory contracts or comparable

documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations.

STATEMENT OF POLICIES AND PROCEDURES

- A. **Client's Best Interest.** EIA's proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are conducted in the best interest of clients.
- B. **Conflicts of Interest.** If there were any material conflicts regarding votes, EIA would attempt to resolve it in the best interest of clients.
- C. **Client Direction.** For accounts where EIA does not have sole discretion, clients may choose to, if clearly indicated in writing opt to vote proxies in a manner that is different from EIA's policies and procedures.
- D. **Basis for Formulation.** Proxy voting recommendations as suggested by RiskMetrics Proxy voting guidelines are generally viewed as suitable for providing guidance on votes. However, in cases where EIA has determined that following RiskMetrics guidelines would be detrimental to shareholder value, it has opted to vote differently.
- E. **Shareholder Activism.** In general, EIA does not engage in shareholder activism
- F. **Oversight.** Managing Director, Damon Barglow, is responsible for oversight of the proxy voting process.
- G. **Availability of Policies and Procedures.** EIA provides clients with a copy of its policies and procedures upon request. It should be noted that they may be updated from time to time.
- H. **Disclosure of Vote.** A client can obtain information from the EIA on how the client's proxies were voted.
 - 1. Clients. EIA makes this information available to an advisory client upon request.
 - 2. Third Parties. EIA does not disclose to third parties how it (or its voting delegate) voted a client's proxy.

A copy of EIA's Proxy Voting policy will be provided if requested.

Item 18: *Financial Information*

EIA does not require or solicit prepayment of management fees for any client.

