

Wrap Fee Brochure

March 28, 2012

Flagship Harbor Advisors, LLC

a Registered Investment Adviser

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This wrap fee program brochure provides information about the qualifications and business practices of Flagship Harbor Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (857) 350-4229. 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 Flagship Harbor Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Flagship Harbor Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since the Registrant's last annual update dated January 3, 2011. The Registrant does not have any material changes to disclose in this Item.

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Item 4. Services, Fees, and Compensation

Description of Services

The Flagship Harbor Advisors Wrap Program (the “Program”) is an investment advisory program sponsored by Flagship Harbor Advisors, LLC (“the “Registrant”). The Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges.

To join the Program a person must:

- (1) Complete an investor profile that describes the client’s financial needs, investment objectives, time horizon, and risk tolerance, as well as any other factors relevant to the client’s specific financial situation (the “Investor Profile”) and any other supporting documentation required for the Program;
- (2) Complete the investment advisory wrap fee agreement (the “Program Agreement”) with the Registrant and become a client of the Program;
- (3) Complete a new account agreement with LPL Financial (“LPL”) or another broker dealer approved by the Registrant for participation in the Program (“Broker-Dealer”); and
- (4) Open a securities brokerage account with LPL or the Broker-Dealer (an “Account”) and deposit those client assets designated for participation in the Program (“Program Assets”) into the Account.

After an analysis of any information provided by the client to the Registrant, the Registrant shall assist the client in developing an appropriate investment strategy for the Program Assets in their Account(s) (the “Investment Strategy”). Thereafter, all clients are encouraged to discuss their needs, goals, and objectives with the Registrant and to keep the Registrant informed of any changes thereto. The Registrant shall contact clients at least annually to review its previous services and/or recommendations and to determine whether changes should be made to their Investment Strategy.

Management of Your Portfolio

All clients in the Program shall grant the Registrant discretionary authority to buy, sell, and otherwise trade in the type of securities described in Item 6 (below) for their Account(s) and to liquidate previously-purchased securities that the client has transferred to their Account(s). Program Assets in the client’s Account(s) shall be managed by one of the Registrant’s investment adviser representatives.

The Program may recommend that clients authorize the active discretionary management of certain Program Assets by and/or among one or more independent investment managers (“Independent Managers”) to implement a particular Investment Strategy. The terms and conditions under which the client shall engage the Independent Manager(s) may be set forth in separate written agreements between (1) the client and the Registrant and (2) the Registrant or client and the designated Independent

Manager(s). The Registrant shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which the Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the Program Assets being managed by the designated Independent Manager(s). Factors that the Registrant shall consider in recommending Independent Manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. In addition to the Registrant's written disclosure statement, the client shall also receive the written disclosure statement of the designated Independent Manager(s).

Neither the Registrant nor the client may assign the Program Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of the Registrant shall not be considered an assignment.

Fees for Participation in the Program

Clients in the Program pay a single annualized fee for participation in the Program (the "Program Fee"). The Registrant shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Registrant. The Registrant's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Registrant on the last day of the previous quarter. The annual fee shall vary (between 0.25% and 2.00%) depending upon the market value of the assets under management.

The Registrant, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

Under the Program, clients receive both investment advisory services and the execution of transactions in securities for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's Account(s), as well as the commissions charged for each transaction, will determine the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Clients may incur certain charges imposed by third parties in addition to the Program Fee such as fees charged by Independent Managers, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Fees for Management During Partial Quarters of Service

For the initial period of participation in the Program, the Program Fee shall be calculated on a *pro rata* basis. The Program Agreement between the Registrant and the client will continue in effect until terminated by either party pursuant to the terms of the Program Agreement. The Program Fee shall be prorated through the date of termination and any remaining balance shall be refunded to the client in a timely manner.

Additions may be in cash or securities provided that the Registrant reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. The Registrant may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the Program Fee with respect to such assets will be prorated based on the number of days remaining in the quarter.

Item 5.Account Requirements and Types of Clients

The types of clients in the Program include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

The Registrant does not impose a minimum portfolio size or minimum annual fee for participating in the Program. Certain Independent Managers may, however, impose more restrictive account requirements and varying billing practices than the Registrant. In such instances, the Registrant may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Item 6. Portfolio Manager Selection and Evaluation

The Registrant acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities, which may involve additional conflicts of interest that the sponsor would be required to disclose in this section. The Registrant has no disclosures to make under this section related to the selection of portfolio managers.

Types of Services Provided By the Firm

In addition to the services provided to the Program, the Registrant is an investment adviser providing financial planning, consulting, and investment management service. Prior to engaging the Registrant to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with the Registrant setting forth the terms and conditions under which the Registrant shall render its services.

Investment management services provided outside of the Program will differ only in that clients will pay separate transaction fees which will be charged by the Broker-Dealer directly to the client's account. The Registrant does not expect the non-wrap management services to materially differ from the services in the Program.

It is the Registrant's practice to tailor its advisory services to the individual needs of clients. The Registrant will ensure that each client's investments are suitable for that client and consistent with their investment needs, goals, objectives and risk tolerance as well as any restrictions requested by the client.

Clients shall have the ability to impose reasonable restrictions on the management of their account, including the ability to instruct the Registrant not to purchase certain securities or types of securities.

Management Through Similarly Managed Accounts

For certain clients, the Registrant may manage client portfolios by allocating portfolio assets among various mutual funds and other securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as the "*investment strategy*"). In so doing, the Registrant shall buy, sell, exchange and/or transfer shares of mutual funds and other securities based upon the *investment strategy*.

The Registrant's management using the *investment strategy* has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following features have been specifically included in the Registrant's management using the *investment strategy*:

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1. **Initial Interview** – an initial interview is conducted with each client to determine the client's financial circumstances, goals, acceptable levels of risk, any reasonable restrictions on the management of their account, and other relevant circumstances;
2. **Individual Treatment** – the client's account is managed on the basis of the client's financial circumstances and investment objectives;
3. **Consultation** – an *Advisory Affiliate* of the Registrant knowledgeable about the client's account shall be reasonably available to consult with the client relative to the status and management of their account;
4. **Notice of Transactions** – the client shall receive notice of all transactions in their account as if they had maintained a similar account outside of the investment strategy;
5. **Quarterly Statement** – the client shall be provided with a quarterly statement containing a description of all activity in the their account;
6. **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of their account, including the ability to instruct the Registrant not to purchase certain securities or types of securities;
7. **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;
8. **Separate Account** – a separate account is maintained for the client with the custodian; and
9. **Ownership** - each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

In addition to the foregoing, clients may, in writing, place reasonable limitations upon the Registrant's discretionary authority. The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to the Registrant's clients may be limited. For example, various mutual funds may limit the ability of the Registrant to buy, sell, exchange or transfer securities consistent with its *investment strategy*. As further discussed below, in order to meet its fiduciary duties to all of its clients, the Registrant will endeavor to allocate investment opportunities among its clients on a fair and equitable basis. Participation in the Registrant's *investment strategy* carries additional risk to clients in that a mutual fund may unilaterally restrict and/or prohibit the Registrant's trading activities thus prohibiting it from managing the assets consistent with the *investment strategy*.

Performance Based Fees

The Firm does not provide any services for performance based fees. Performance based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Methods of Analysis and Investment Strategies

The Registrant's primary methods of analysis are fundamental and technical. Each of the Registrant's investment adviser representatives may deviate in their investment strategy. In developing its analysis, the Registrant also relies on software-driven analysis that may incorporate the philosophies discussed below.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. The Registrant will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that the Registrant will be able to accurately predict such a reoccurrence.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

The profitability of a significant portion of the Registrant's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that the Registrant will be able to predict those price movements accurately.

An investment in a mutual fund or ETF (collectively, "Funds") involves risk, including the loss of principal. Funds are subject to secondary market trading risks. Shares of Funds will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop

or continue. There can be no guarantee that a Fund's exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the Fund may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the Fund at. The per share NAV of a Fund is calculated at the end of each business day, and fluctuates with changes in the market value of the Fund's holdings. The trading prices of a Fund's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the ETF's shares trading at a premium or discount to NAV.

The Registrant may recommend the use of options for certain clients. Options allow the Registrant to hedge (limit) certain losses on positions clients hold. The option allows the Registrant to buy or sell a security at a certain price (not the current market price). Clients pay a fee for the option. If the option falls outside the money (i.e., the market price of the security does not justify purchasing/selling the security at the option price), the client will lose the fee for that option.

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Proxy Voting

The Registrant is required to disclose if it accepts authority to vote client securities. The Registrant does not vote client securities on behalf of its clients

Item 7. Client Information Provided to Portfolio Managers

The Registrant acts as the sponsor and portfolio manager to the Program. Certain wrap programs involve the services of multiple parties in these capacities. In those circumstances, the sponsor is required to disclose how and what type of information about client that it provides to portfolio managers. The Registrant has no disclosures to make under this section.

Item 8. Client Contact with Portfolio Managers

There are no restrictions on a client's ability to contact and consult with the Registrant.

Clients may contact Independent Managers through the Registrant by providing the Registrant with a written request and identification of the questions or issues to be discussed with the Independent Manager(s). After receiving the client's written request the Registrant shall, at its sole discretion, contact the Independent Manager(s) for the client or arrange for the Independent Manager(s) and the client to communicate directly.

Item 9. Additional Information

Disciplinary Information

The Registrant is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. The Registrant does not have any required disclosures to this Item.

Other Financial Industry Activities and Affiliations

The Registrant is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Registrant has described such relationships and arrangements, below.

Receipt of Securities Commission

Certain *Advisory Affiliates* of the Registrant are registered representatives of LPL. In such capacity, those people may receive commissions for recommending the purchase or sale of securities. In addition, as a result of this relationship, LPL may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Registrant's clients, even if the client does not establish any account through LPL. Any client that would like a copy of LPL's privacy policy can contact the Registrant at the contact information on the cover page of this brochure.

Fees from Independent Managers

As discussed above, the Registrant recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Manager(s)*. In certain circumstances the Registrant's compensation is included in the advisory fee charged by such *Independent Manager(s)*. There may be a conflict of interest to choose such *Independent Manager(s)*.

Code of Ethics

The Registrant and persons associated with the Registrant ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with the Registrant's policies and procedures.

The Registrant has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Registrant or any of its associated persons. The *Code of Ethics* also requires that certain of the Registrant's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in the Registrant's *Code of Ethics*, none of the Registrant's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Registrant's clients.

When the Registrant is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Registrant is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds. Clients and prospective clients may contact the Registrant to request a copy of its Code of Ethics

Review of Accounts and General Reports

The Registrant monitors Program Assets as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis.

Clients are provided with transaction notices and regular summary account statements directly from LPL or the Broker-Dealer for Program Assets. Participants will also receive a report from the Registrant that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from the Registrant.

Client Referrals and Other Compensation

The Registrant is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, the Registrant is required to disclose any direct or indirect compensation that it provides for client referrals. The Registrant does not have any required disclosures to this Item.

Financial Information

The Registrant does not require or solicit the prepayment of more than \$1,200 in fees, six months or more in advance.

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