

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

This brochure provides information about the qualifications and business practices of Federal Street Advisors, Inc. (“FSA” or “Federal Street”). If you have any questions about the contents of this brochure, please contact us at (617) 350-8999. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about FSA also is available on the SEC’s website at www.adviserinfo.sec.gov.

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This brochure is dated as of December 4, 2013.

FSA is registered as an investment adviser with the SEC. This registration does not imply a certain level of skill or training, nor does it represent any official imprimatur for FSA’s business.

Item 2 Material Changes

This brochure is an other-than-annual update of our brochure dated March 26, 2013. This brochure incorporates certain revisions to the information set forth in that brochure. Revisions that may be material include descriptions of changes in our business to reflect that, in addition to the nondiscretionary investment consulting we have offered for many years, we will now also offer discretionary investment management.

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A. Advisory Firm and Principal Owner

FSA was founded in 1991 by John LaPann, who remains its principal owner and Chairman. It has operated continuously as an investment adviser since its founding.

B. Types of Advisory Services Offered

FSA offers two distinct types of services, which we refer to as “Comprehensive Wealth Management Services” and “Institutional Investment Advisory Services.” Comprehensive Wealth Management Services include (1) investment management (with discretionary trading authority) or investment consulting (without discretionary trading authority) for high net-worth individuals and their families plus (2) family office services for such persons, as described in detail below. Institutional Investment Advisory Services include investment management or investment consulting but do not have a family office service component, and are more likely to involve a smaller number of accounts, entities, and decision-makers. Typically, a private foundation would receive these institutional services.

Comprehensive Wealth Management Services and Institutional Investment Advisory Services may be provided to clients who choose to grant us the discretionary authority to make securities trades without their express approval for each trade (“discretion”) or clients who make their own trading decisions after receiving our investment advice (“consulting”).

When we manage investments on a discretionary basis, we generally invest client assets in mutual funds and recommend that such clients (1) hire separate account managers to manage a portion of their portfolios or (2) invest in privately-offered investment pools, such as hedge funds. Which structure to recommend depends on each client’s respective asset size, liquidity needs, and other relevant factors. In general, for both discretionary and consulting clients, we will not hire separate account managers or invest in privately-offered investment pools on a client’s behalf but will instead ask the client to approve and sign the necessary documentation used by the separate account manager or private pool. In addition, we do not purchase individual stocks (other than mutual funds or possibly exchange-traded funds) or debt securities, and we would generally sell these types of investments only as part of a program to diversify a concentrated position or upon specific client request.

When we offer investment advice on a consulting basis, we generally recommend, depending on client needs and circumstances, separate account managers, hedge funds, private equity funds, and mutual funds. When a consulting client accepts our investment recommendation, we generally assist with the implementation of the recommendation, for example by preparing instruction letters, assisting with completing account applications, and following up as needed to facilitate the completion of the transaction. For a consulting client, just as for a discretionary client, we do not purchase or sell, or offer purchase and sale advice with respect to, individual publicly-traded stocks or debt securities, except for advice regarding sales as part of diversifying or hedging concentrated stock positions.

As part of our Comprehensive Wealth Management, we also offer certain family office services, which include the investment consulting or discretionary management services described above, plus certain financial planning services, and other similar or related services. Specifically, family office services may include financial planning, retirement planning, estate planning, income tax planning, stock option planning, philanthropic planning and/or such other financial issues as may be agreed upon with a particular client. In providing these services, FSA will usually work with a client's existing tax, accounting, insurance and legal advisors or, if requested, recommend alternative advisors with expertise in these areas. We do not draft any legal documents, provide legal, insurance or tax advice, prepare any tax returns, sell any insurance products, render any accounting services or advice, or serve as custodian of client assets. In addition, we do not provide check-writing or bill-paying services or any other services that would involve our having authority to transfer money out of a client account to any other account not belonging to the same client. Since clients' circumstances may differ materially, each client should be aware that our advice or actions with respect to investments and other matters may be the same as, or different from, the actions or advice we provide for any other client. Additionally, some clients may request and receive family office services that differ in type and extent from those for other clients, based on the differing needs or preferences of particular clients.

C. Tailoring Advisory Services to Individual Client Needs

FSA tailors its advisory services to the individual needs of clients. Our approach is to identify a client's financial goals and objectives, cash flow needs, risk tolerance, time horizon and other factors that must be understood in order to recommend or select appropriate investments and managers. We then agree with a client on an asset allocation appropriate for the client. Then, we recommend (for a consulting client) or select (for a discretionary client) the investments that we believe are most

appropriate within each component of that allocation. If a client has particular preferences with respect to including or excluding certain types of assets or managers, we will follow the client's directions in that regard.

D. Wrap Fee Programs

The SEC defines a wrap fee program as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services and the execution of client transactions. We do not offer or participate in any wrap fee program.

E. Managing Client Assets

We continuously and regularly supervise client assets on a nondiscretionary basis; the amount of these assets supervised as of December 31, 2012 was approximately \$3.2 billion. While our wholly-owned subsidiary, Old North Advisors, LLC, manages its client accounts on a discretionary basis, we have just begun to offer discretionary investment management and as such do not currently have any discretionary assets under management.

A. Compensation and Fee Schedule

FSA charges a fee that is negotiated at the inception of the arrangement and is based on the amount of assets to be overseen or managed, the overall complexity of the client's financial situation, and the anticipated level of service requirements. There is a minimum fee of \$70,000 for our services described in Item 4.B. The minimum fees may be waived or reduced at FSA's sole discretion. The fee established at the inception of the relationship may be a flat dollar amount or may be determined based on a percentage of assets, subject to such floors or other adjustments as may be agreed upon by FSA and the client.

Some clients are grandfathered or, in our discretion, exempted from the current minimum fee requirements described above.

We may also ask our clients to reimburse us for certain out-of-pocket expenses that we incur in providing services, such as travel-related costs, as provided in the contract between us and a client.

B. Fee Billing and Collection

Our fees are payable quarterly in advance. For some clients, we bill the client directly shortly in advance of the beginning of the quarter and the client is responsible for paying us. For other clients who have given the necessary advance standing authorization, our quarterly fee is withdrawn automatically each quarter from the client's account at his or her independent custodian and credited to us. While we find that the automatic withdrawal procedure is administratively simpler, a client is free to select either method of paying our fees. While other fee payment arrangements may be agreed upon in particular situations, we will not require or request prepayment of any fees more than six months in advance.

C. Other Types of Fees or Expenses Clients May Pay

Our fees are the only compensation clients pay us. However, clients will pay or bear other expenses in connection with their investments. These may include fees the custodian holding a client's assets charges for this custody service and the advisory, administrative, custodial, transfer agency, brokerage, and other fees paid by mutual funds, hedge funds, or other investment vehicles that clients may own, which clients will bear indirectly. When clients buy or sell stocks or other

securities, they will often also incur transaction costs, including brokerage commissions, or in some cases transaction fees in fixed dollar amounts per transaction, even when buying or selling shares of mutual funds. Please also see the discussion of brokerage in Item 12 of this brochure for more information about certain trading costs.

D. Advance Fee Payment Requirements

Our fees are payable quarterly in advance. If we begin to render services after the quarter has already commenced, our fee for that quarter will be prorated. A client (or we) may terminate our advisory relationship by providing 30 day's prior written notice. In the event of a termination, pre-paid fees are refundable on a pro-rata basis, based on the portion of the quarter that remains after the effective date of the termination, which is 30 days after the termination notice is received.

E. Absence of Compensation from Selling Securities or Investment Products

We do not receive any compensation from selling securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

A “Performance-Based Fee” is an investment advisory fee based on a share of capital gains on, or capital appreciation of, client assets. A fee that is based on a percentage of assets managed by an investment adviser is not a performance-based fee. We do not charge any performance-based fee. If a client invests in a hedge fund, private equity fund, or other alternative investment vehicle, the general partner or manager of such a fund may impose a performance-based fee, but we would not receive any portion of, or otherwise benefit from, that fee.

“Side by Side Management,” describes a situation in which an investment adviser manages some accounts that are subject to a performance-based fee and other accounts that are charged another type of fee, such as an hourly, flat, or asset-based fee. Because we do not charge a performance-based fee to any client, we do not engage in side-by-side management.

Item 7 Types of *Clients*

Typically, our investment advisory clients are high-net worth individuals, their families, and tax-exempt foundations. Often included within these client relationships are trusts, estates, and partnerships or other family investment vehicles. We also have experience advising pension plans and charitable trusts. We do not have a minimum account size, but we do have a minimum fee, as described above in our response to Item 5.

Additionally, we provide investment research and/or administrative services to a subsidiary and an affiliate, each of which is a separate SEC-registered investment adviser.

A. Methods of Analysis, Investment Strategies, and Risk of Loss

Our approach to investment advice and management is based on fundamental analysis, and we incorporate elements of modern portfolio theory in our process of asset allocation and manager selection. For each client, we determine a rate of return objective and an appropriate risk tolerance, viewed in terms of both standard deviation and drawdown. We then determine an asset allocation, and funds or managers within each asset class, that we believe should produce the desired return without exceeding the client's risk tolerance over the long-term, which we consider to be a period of at least fifteen years. For shorter periods, clients should understand that it is not unexpected for the desired rate of return not to be achieved and/or for the historical maximum standard deviation and drawdown to be exceeded. Even for longer periods, there is no guarantee that the client's objectives regarding investment returns and potential maximum losses can be achieved, since investing in securities necessarily involves a risk of loss that clients must be prepared to bear.

B. Significant Investment Strategies and Material Risks

Our return and risk expectations are derived from historical market statistics and from our understanding of how the current market environment may affect expected returns and potential gains or losses going forward. If markets, funds or managers behave in the future in a materially different manner than they have in the past, or if our understanding of the likely effects of the current market environment on future returns or risks is wrong, then clients who rely on our investment advice or management may be subject to asset allocations or manager selections that produce disappointing returns, possibly including the loss of a substantial portion of their capital.

C. Particular Types of Securities and Associated Risks

We generally recommend that clients invest through (1) separate account managers who manage individual stocks or fixed-income securities, (2) mutual funds (including, for purposes of this form, exchange-traded funds) that invest primarily in such stocks or securities, and (3) other pooled funds, including hedge funds and private equity funds.

The primary risks associated with stock investments is the loss of value, or the failure to achieve the expected total return, as a result of company-specific factors, or events or developments that affect the economic sector in which a company does business or the entire market, including but not limited to possible substantial changes in political, geographic, or currency circumstances. Similarly, the primary risk associated with fixed-income investments is the loss of value, or the failure to achieve the expected total return, as a result of company-specific factors (such as adverse events affecting its particular business operations that result in a failure of the company to pay its debt obligations) or market factors (such as a rise in interest rates and/or inflation that reduces the real and/or absolute value of the interest and/or principal the investor receives).

Hedge funds potentially involve additional risks to the extent they use certain investment techniques (such as leverage or certain derivatives) in a way that can increase the risk or amount of loss. In addition, they are less liquid and often less transparent than mutual funds and many other investments (due to the relatively sparse regulatory disclosure requirements and a perceived need to maintain a competitive advantage and/or protect against front-running of their trades). There may also be a greater risk of loss due to the potential for fraud or other illegal conduct by the hedge fund's general partners or other managers, which may be harder to detect as a result of their structure and relative lack of regulatory supervision, in contrast to mutual funds. Private equity funds may share these risk characteristics and have far less liquidity than most hedge funds. We are mindful of these risks and conduct considerable due diligence reviews of the funds we recommend, but we cannot guarantee that any due diligence process will be sufficient to prevent or detect misrepresentation, fraud or abuse on the part of the investment fund or its managers, partners, members, or other service providers; as a result, clients are exposed to the risk that they may lose their entire investment in any such hedge fund, private equity fund, or other privately-offered investment through theft or other illegal conduct by the fund sponsor, general partner, or manager, as well as, of course, through poor investment decisions made by any such person. Additionally, if a client already has such investments when we are first hired or adds any such investment that we do not generally recommend, we typically will not apply the same substantial scrutiny to these legacy or client-specified funds or managers that we apply to the funds and managers that we recommend.

Item 9 Disciplinary Information

This item requires disclosure of all material facts about any legal or disciplinary events involving us or our management persons that are material to a client's or prospective client's evaluation of our business or the integrity of our management. For this and other purposes in this brochure, "management persons" means anyone with the power to exercise, directly or indirectly, a controlling influence over our management or policies or to determine the general investment advice that we give to clients. Examples of material legal or disciplinary events include criminal proceedings, felony convictions, and certain misdemeanors, as well as findings of certain misconduct that are determined in administrative proceedings before regulators or self-regulatory organizations.

Neither FSA nor any of its management persons has been, or is currently, involved in any such events.

A. Absence of Certain Broker-Dealer Registrations

Neither we nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Absence of Certain Futures or Commodity-Related Registrations

Neither we nor any of our management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities.

C. Certain Relationships with Related Persons

This item discloses relationships or arrangements that are material to our advisory business or to our clients and that are between us (or any of our management persons) and certain types of “related persons” in various financial, banking, legal, accounting, insurance, or other specified types of businesses. A “related person” is an “advisory affiliate” and any person that is under common control with us. An “advisory affiliate” is (1) all of our officers, partners, directors, or persons performing similar functions; (2) all persons directly or indirectly controlling or controlled by us; and (3) all of our current employees, other than employees performing only clerical, administrative, support or similar functions.

Related persons with such relationships or arrangements are Old North Advisors, LLC (“ONA”), Saltbox Capital, LLC (“Saltbox Capital”), and Saltbox Partners Fund, L.P. (“Saltbox Fund”).

ONA was an affiliate under common control with us and, effective as of January 1, 2013, became our wholly-owned subsidiary. It is separately registered as an investment adviser with the SEC. ONA relies on our employees for investment research, and some of our employees act on behalf of ONA to provide advice and service to its clients. Other support and integration of staff is expected to develop over time. We may refer clients to ONA, and ONA may refer clients to us, but there is no compensation or other consideration for any such referrals that may occur. However, as the sole owner of ONA, we may receive distributions funded by income from its operations, and any increase in the value of its business will redound to our benefit. Personnel of ONA also commonly participate in our

Investment Committee meetings and may therefore have access to confidential information about our clients, which they are bound to keep confidential.

Saltbox Capital is an investment adviser that is under common control with us and is separately registered as an investment adviser with the SEC. We provide, for compensation, certain administrative support to Saltbox Capital to assist it in fulfilling its responsibilities as the general partner of Saltbox Fund. Saltbox Fund is a hedge fund of funds whose limited partners consist primarily of certain of our clients and certain clients of ONA. We do not have a direct contractual relationship with Saltbox Fund, but the fees it pays to its general partner, Saltbox Capital, are the source of the payments Saltbox Capital makes to us as compensation for the services we provide to Saltbox Capital. Because we receive these fees, we have a financial interest in recommending that our clients invest in Saltbox Fund. However, the fees that we charge to Saltbox Capital do not include any carried interest or other profit participation and are intended only to cover our estimated costs, which are primarily personnel-related, in providing services to Saltbox Capital under our contract with it. These relationships, including the associated costs, are described in detail in the offering materials for Saltbox Fund, which are provided to all prospective investors in that fund. Saltbox Fund is not available to the public, and substantive information about it is generally made available, in our discretion, only to certain of our clients and certain clients of ONA.

In the event that (1) Saltbox Fund intends to invest in a particular hedge fund; (2) our clients or clients of ONA also desire to invest directly in the same hedge fund; and (3) that hedge fund is unwilling to accept subscriptions equal to the aggregate amount desired to be invested by these clients and the fund, then it is anticipated that the amounts desired to be invested referred to in clauses (1) and (2) will be proportionately reduced to equal, in total, the subscription amount the hedge fund is willing to accept. In the event that this proportionate reduction in investment amounts results in an account receiving such a small allocation that it does not satisfy the subscription minimum that a hedge fund is willing to accept, only those accounts that meet such minimum amount will be recommended to invest in that hedge fund. In cases where the investment opportunity is so limited that a proportionate reduction in investment amounts is not feasible, the opportunity will be allocated in any manner we deem appropriate under the circumstances.

D. Recommendation of Other Investment Advisers

Recommending and/or selecting other investment advisers (including funds) for our clients is a major focus of our investment consulting and management business. We do not receive compensation, directly or indirectly, from those advisers, funds, anyone associated with them, or anyone else except for the fees we charge our clients and Saltbox Capital, as described in the section immediately above. We do not have other business relationships, other than with Saltbox entities as described in that section, that represent conflicts of interest.

A. Our Code of Ethics

Our code of ethics governs the conduct of all of our management persons and other employees. The code requires all such persons to comply with the applicable federal securities laws and meet a standard of business conduct that reflects our fiduciary obligations to our clients under the Investment Advisers Act. Under the code, all personnel are to strive to avoid placing their personal interests above clients' interests and avoid conflicts of interest or, if in some situation a conflict is unavoidable, fully disclose it. Some specific elements of the code are (1) a prohibition on insider trading; (2) strict limits on personal trading intended to avoid actual or apparent conflicts with any client's interests, including the maintenance of a do-not-trade list in specific securities and, for securities not on that list, a ceiling on permitted dollar amounts and a required minimum holding period; (3) a requirement that investments in IPOs and private placements must be pre-cleared by FSA's President; (4) periodic reporting and review of securities holdings and transactions of our personnel; (5) a ceiling on the amount, and required reporting of, certain gifts that may present potential conflicts of interest; (6) a requirement to report any violation of the code to our chief compliance officer; and (7) the imposition of sanctions, up to and including dismissal, for violations of the code.

We are happy to provide a copy of our code of ethics to any client or prospective client upon request.

B. Recommendations to Clients of Securities in which we or a Related Person has a Material Financial Interest

We do not recommend that clients invest in securities in which we or a related person has a material financial interest, with the exception of Saltbox Fund. Our interest in Saltbox Fund is described in Item 10 (C), above. Our interest, and that of our related persons, is described in the offering materials for this fund. In addition, when we recommend that a client make an investment in Saltbox Fund, we describe our sponsorship of the fund and explain our view that the conflict arising from the general partner's paying fees to us is outweighed by the benefit to the client of obtaining the investment exposures and diversification available through the fund. We do not recommend this fund to any client that has enough assets to, and is willing to undertake the administrative work necessary to, obtain similar or greater diversification by investing directly in a sufficient number of hedge funds. We do not exercise investment discretion to invest any client assets

in Saltbox Fund. Any investment in Saltbox Fund by a client must be specifically approved and executed by the client.

C. Investments by us or our Related Persons in the Same or Related Securities that We Recommend to Clients

Generally, neither we nor our related persons invest in the same securities (or related securities) that we recommend to clients, other than investments by our personnel in mutual funds that are not affiliated with us, with respect to which we perceive no opportunity for front-running or other abuse. Further, our business is generally comprised of investing for our clients, or recommending that our clients invest, with separate account managers and in mutual funds, hedge funds, and private equity funds, rather than individual publicly-traded stocks. If a material portion of any client's portfolio is comprised of a publicly-traded stock (which may, for example, have been acquired before the person became a client or as a result of an inheritance or trust distribution), we would generally put that stock on our do-not-trade list, with the result that our personnel could not trade in it without express prior authorization by our Chief Compliance Officer or President. Our personnel may invest in the hedge funds (including Saltbox Fund) and private equity funds that we recommend to clients, subject to obtaining pre-clearance from our President as required under our code of ethics. This would generally not present a conflict of interest unless a particular fund had limited capacity, such that an investment by our personnel might compete for capacity with an investment that one or more of our clients might consider making in the same fund. In that event, investment by our personnel would not be approved.

D. Recommending Securities to Clients When They are Also Being Purchased or Sold for our Own or Our Related Persons' Accounts

We may buy or sell mutual fund shares for our clients, or recommend that clients buy or sell mutual fund shares, at the same time our personnel or a person related to us is buying or selling the same mutual fund. Given the nature of mutual funds as bought and redeemed at the net asset value per share determined by the funds, and the fact that we do not advise or have any other affiliation with any mutual fund, we do not believe this presents a conflict of interest.

In the case of hedge funds and private equity funds, our procedures regarding purchases are described in Item 11 (C), above. Redemptions of hedge funds by our personnel or other related persons could present a conflict if a client was invested in the same fund and the fund was unable or unwilling to grant all redemption

requests. In that event, we would not permit our personnel or other related person to have his or her redemption request satisfied on a basis preferable to that made available to our clients. Private equity fund interests are not redeemable.

In the case of publicly-traded individual stocks or securities, we do not recommend the purchase of such investments, but we may recommend or effect their sale as part of a program of diversifying a client's portfolio. The issuer of any such investment that represents a material portion of client's portfolio is generally added to our do-not-trade list. As a result, our personnel will not be permitted to buy (or sell) the security whether or not the client is seeking to sell it at or about the same time, unless our Chief Compliance Officer or our President grants an exception based on the conclusion, in a particular situation, that there is no actual or potential conflict of interest or the appearance of such a conflict. Such an exception might be granted, for example, if the amount of the proposed trade is *de minimis* and it is certain that we have no inside information concerning the issuer of the security. Any such investment that does not represent a material portion of a client's portfolio and is therefore not on the do-not-trade list could potentially be sold by a client at the same time our personnel are buying (or selling) the security, but we believe the dollar ceiling on such trades by our personnel would obviate any market impact from such a trade by our personnel.

FSA does not invest for its own account in stocks or other securities, including hedge funds and private equity funds.

A. Description of Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions and Determining the Reasonableness of their Compensation (e.g., commissions)

Our approach to the selection or recommendation of broker-dealers differs based upon whether we are providing investment management (with discretionary trading authority) or investment consulting (without discretionary trading authority). These two types of services are explained above in our response to Item 4.B.

For Clients who Grant us Discretionary Trading Authority

We do not direct the transactions of discretionary clients to any particular broker in return for products or research services. (We note that it is generally not part of our business to acquire for clients any individual stocks or securities, other than mutual fund shares.) However, we do strongly encourage discretionary clients to establish custody accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”) or the Fidelity Registered Investment Advisor Group (“Fidelity”) division of Fidelity Investments, FINRA-registered broker-dealers and SIPC members, to maintain custody of client assets and to effect trades that we direct for these client accounts. Schwab and Fidelity provide FSA with access to their institutional trading and operations services, which are typically not available to retail investors. These services generally are available to independent investment advisors like us, at no charge, provided that specified minimum amounts of clients’ account assets are maintained in the custody of Schwab or Fidelity. For FSA client accounts maintained in their custody, Schwab and Fidelity generally do not charge the client separately for acting as custodian, but they are instead compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through each such firm or that settle into client accounts at the pertaining broker.

Schwab’s and Fidelity’s services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab and Fidelity also make available to FSA other products and services that benefit FSA but may not directly benefit our clients’ accounts. Some of these other products and services assist us in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements),

facilitate trade execution (and, if applicable, allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from our clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our clients' accounts, including accounts not maintained in custody at Schwab or Fidelity. Schwab and Fidelity may also provide other benefits such as educational events or the occasional business entertainment of our personnel, subject to limitations set forth in our code of ethics.

In evaluating whether to recommend that clients custody their assets at Schwab or Fidelity, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by Schwab or Fidelity, which may create a potential conflict of interest. However, the availability to FSA of the foregoing products and services is not contingent on FSA committing to Schwab or Fidelity any specific amount of business (assets in custody or trading), though a fee would be imposed if certain custody amounts were not maintained. Moreover, we have no reason to believe that clients will pay commissions or other fees to Schwab or Fidelity that are higher than those obtainable from other brokers in return for these products and services. We are not a registered representative of Schwab or Fidelity or any other broker-dealer, and we do not receive any commissions or fees in connection with recommending the services of any broker. FSA is independently owned and operated and is not affiliated with Schwab or Fidelity.

If a discretionary client wishes to use a custodian other than Schwab or Fidelity, we are willing to evaluate the services provided by that custodian, including its procedures for processing trades and money transfers and ensuring the security of client accounts, and the costs thereof to the client, and we may approve or disapprove of the use of such a custodian based on the facts and circumstances of each situation.

For Investment Consulting Clients, i.e., Clients who do not Grant us Discretionary Trading Authority

For consulting clients, we do not have discretion over client accounts, we do not select broker-dealers for client transactions, and we do not generally recommend the use of any particular custodian. Our consulting clients use a wide variety of custodians, and we generally do not provide advice regarding the selection or

change of a custodian unless we are asked. In addition, our investment advice for consulting clients is generally comprised of recommending that they invest with unaffiliated separate account managers and in mutual funds, hedge funds, and private equity funds, rather than in individual stocks or bonds. We do not generally recommend that a client purchase any individual publicly-traded stock or bond selected or approved by us. We may recommend the sale of any such holding as part of a program of diversifying a client's portfolio. In that diversification situation, or in any other case in which a client desires to buy or sell an individual publicly-traded security (i.e., not a mutual fund), we recommend (1) that the client do so through a separate account manager who is managing a portfolio of individual securities for the client, if the client is already using such a manager, or (2) if not, that the client trade through the broker-dealer associated with the custodian holding that security or other assets for the client. We believe that this will usually produce a better result for the client than directing that the trade be executed by a different broker-dealer, because that would typically involve paying not only the commission or fee charged by the different broker-dealer but also a "trade-away" fee as compensation for having the trade executed by a different broker-dealer. We may, however, recommend that a different broker-dealer be used in certain circumstances, for example, if we are aware that the broker-dealer associated with a client's custodian has performed poorly for other clients in the past, or if the trade involves an over-the-counter stock for which that broker-dealer is not a market maker. In all cases, the right to choose the broker-dealer belongs to the client, not to us. With respect to brokerage commissions or other trading fees, we will advise a client if we believe a commission or fee to be incurred is unreasonably high, but we do not maintain a trading desk or conduct market studies of the range of available commissions or fees; as a result, we cannot assure any client that the commission or fee to be incurred is not materially higher than could be obtained by trading through a different broker-dealer.

1. Research or Other Soft Dollar Benefits (Products or Services Other than Execution Received from a Broker-Dealer or Other Third Party in connection with Client Securities Transactions)

We do not receive research or other products or services other than execution from a broker-dealer or other third party in connection with client securities transactions.

We do receive certain services, as described above, from two custodians, Schwab and Fidelity, without cost to us, provided that our clients collectively keep specified minimum amounts of their assets in accounts custodied at Schwab or

Fidelity, respectively. Other than that requirement, these services are of a type Schwab and Fidelity make generally available to independent investment advisers and are not contingent on our clients or us meeting any other conditions, including but not limited to incurring any required amount of trading commissions through Schwab or Fidelity. Schwab and Fidelity make available a wide variety of research and services to independent advisory firms like ours, but we do not use any of their research, and we use few of their services.

The services that we do use include obtaining access to client account data, entering trades electronically, facilitating payment of our fees from certain client accounts, assisting with client reporting, and attending educational conferences and events, including webinars, on compliance, practice management and possibly other topics relevant to our business.

The account minimums may give us an incentive to recommend that clients maintain their assets in custody at Schwab or Fidelity, based on our interest in receiving services that benefit our business rather than a client's interest in receiving the best value in custody services and, if they trade through Schwab or Fidelity, the most favorable execution of their transactions. This is a potential conflict of interest. However, we would not recommend that a client use Schwab or Fidelity as custodian unless we believed that to be in a client's best interests. Moreover, our clients have well over the required account minimum in custody at Schwab, and as a result this minimum is not likely to become difficult to satisfy in the future. We understand that if our clients collectively had less than the required minimum custodied with Schwab, Schwab would make available the same services to us at a cost that we regard as not material to our business. Our client assets custodied at Fidelity are closer to its required account minimum, but Fidelity currently allows us to include the assets of both our own clients and clients of ONA that are custodied at Fidelity in meeting this threshold, which we expect will allow us to continue to meet it. If client assets custodied at Fidelity were to fall below that level, we understand that Fidelity would make the same services available to us at a cost that we regard as not material to our business. In both situations, custody at Schwab or Fidelity, the products and/or services we receive are not significant to our business or comparable products and/or services are expected to be available at other custodians, we do not make recommendations influenced by the availability of these products and/or services, and we therefore do not believe the recommendation of a custodian represents a material conflict of interest.

2. Considerations Regarding Recommending Brokers or Directing Transactions in Exchange for Receiving Client Referrals

It would be a conflict of interest for an investment adviser to select or recommend a broker-dealer, or direct a particular transaction to a broker-dealer, if the adviser receives or expects to receive client referrals from that broker-dealer. We do not expect to receive client referrals from any broker-dealer, and accordingly we do not consider the possibility of such a referral if we recommend or direct any transaction to any broker-dealer.

3. Directed Brokerage

As described in detail in Item 12.A.1, above, we do not require that a client direct us to execute transactions through a specified broker-dealer, although we generally recommend that clients use the broker-dealer associated with a custodian holding their assets for the reasons described in that item. We are not affiliated with any broker-dealer, and we have no economic relationship with any broker-dealer that creates a material conflict of interest. A client who designates the use of a particular broker-dealer should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities, and any other costs will be comparable to or better than those obtainable elsewhere. We do not normally trade securities (other than mutual fund shares), maintain a trading desk, or employ staff or have other resources sufficient to perform a meaningful evaluation of execution quality. As a matter of policy, we do not recommend the purchase of individual publicly-traded stocks, other than (1) mutual fund shares or (2) stocks with respect to which the purchase decision, and any subsequent sell decision, is made for a client's account by a qualified separate account manager, not affiliated with us, under an investment management contract between the client and that manager. Similarly, we generally recommend stock sales (other than mutual funds and stocks where the sell decision is made by such a separate account manager) only in connection with improving the diversification or overall risk characteristics of a client's portfolio. Because these policies result in minimal trading activity in individual securities resulting from our recommendations, we are not able to and we do not negotiate commission rates and other transaction costs on behalf of our clients, and we cannot guarantee or represent that any particular broker-dealer will necessarily be able to provide a client with the best prices, lowest commissions or superior overall execution quality. It is always possible that other brokerage options with lower commission rates or better prices are available. It is solely the responsibility of each client to choose a broker-dealer for any individual stock sales, to determine the quality of the trade execution that

broker-dealer provides, and to consider whether it is satisfactory in light of other possible alternatives. Clients should understand that they will not derive any advantage from the aggregation by us of trade orders for multiple clients as a single transaction for the purchase or sale of a particular security, because our minimal trade volume (as well as the fact that we usually do not recommend the sale of an individual security for more than one or two clients on any particular occasion) means that we are not able to implement any such aggregation.

B. Absence of Aggregation of Purchase or Sale Orders for Various Client Accounts

As described immediately above, trade activity that we conduct for clients in individual stocks (other than mutual funds) or securities is minimal, and we rarely, if ever, sell or recommend the sale of an individual stock or security (other than mutual funds) at the same time for more than one client at the same price target. (When we do recommend such a sale, we may also recommend a limit order at a price specified by the client, which price may differ among clients based on their individual goals and objectives even if the same security is being sold by more than one client.) Additionally, it is our policy not to purchase, or advise a client to purchase, any individual publicly-traded stocks or securities, other than mutual funds. As a result, we do not aggregate the purchase or sale of securities for various client accounts, because we do not have the opportunity to do so.

A. Periodic Reviews

Each client's accounts are supervised by one of the firm's advisors, who is responsible for managing, or delivering investment advice and recommendations regarding, those accounts. Each advisor reviews all such accounts at the inception of the client relationship and then, on an ongoing basis, in the course of providing account supervision and monitoring and also in preparing the quarterly reports that we send to each client, as described in part C of this item. These reviews involve consideration of each client's current situation (for example, return objective, risk tolerance, cash flow needs, and other client-specific factors) and whether the client's asset allocation and the funds and/or managers within these accounts remain appropriate in light of that situation. Any changes that an advisor determines are desirable would (1) for an account over which we have discretion, be implemented promptly, and (2) for an account over which we do not have discretion, be recommended to the client promptly.

In addition, the accounts of all clients are reviewed semi-annually by a group comprised of the advisor responsible for the clients being reviewed, the team that works with that advisor, the Chief Investment Officer and President, the Chairman, the Chief Compliance Officer, and any other personnel who may have relevant information. The function of this review is to confirm that the advice being implemented or delivered by the advisors to each client is consistent with decisions made by the firm's Investment Committee regarding appropriate asset allocations for various return objectives and recommended managers within each asset class, as well as to understand and confirm the reasonableness of variations that may exist due to client-specific requirements, such as legacy holdings, biases in favor of or against certain asset classes or investment styles, and other factors.

Financial plans are not necessarily reviewed periodically for those clients for whom we prepare such plans, but we try to meet at least annually with our clients, and we offer the opportunity to review all financial issues a client may wish to examine at these meetings or more frequently upon the request of a client.

B. Non-Periodic Reviews

Client accounts may be reviewed on a non-periodic basis in at least two circumstances. First, the firm's view may have changed in a way that requires different recommendations for a significant number of clients. For example, the

firm's Investment Committee may have decided that one recommended manager should be replaced with a different manager, or that we perceive an exceptional opportunity or risk in the current market environment that should result in a change in certain asset class allocations. In this situation, each advisor is responsible for reviewing the accounts that he or she supervises and (1) for client accounts over which we have discretion, making appropriate changes, or (2) for client accounts over which we do not have discretion, recommending to clients who are affected by the change that they make appropriate changes. These recommendations are made promptly, rather than waiting to transmit them with the next quarterly report.

Second, a particular client's individual situation may change at any time in a way that creates a need to review his or her portfolio and make or recommend some changes. For example, an unexpected cash outlay may have arisen, an inheritance or other large inflow of cash may have occurred, the client may have decided to materially increase charitable gifts or transfers to relatives, or the client's financial situation may have changed in some other way that should lead to adjustments in the current investment profile. It is the responsibility of any client whose financial situation changes in a material way to inform us promptly of the change and provide all relevant details to us. In this circumstance, upon becoming aware of the change in the client's situation, the advisor responsible for that relationship will decide on an appropriate course of action and advise the client as promptly as practicable. Additionally, if the change in a client's situation is very substantial, for example if the client becomes much more risk averse and substantially reduces his rate of return objective accordingly, then the advisor has the opportunity to schedule an internal peer review of the client's situation and the new recommendations that he or she plans to deliver to the client. This peer review consists of an interactive meeting that typically includes at least one or more of the other advisors, the Chief Investment Officer and President, the Chairman, and the Chief Compliance Officer, in which the changes in the client's situation are discussed, the proposed new recommendations are evaluated, and a consensus is reached. Peer reviews are held only upon the request of an advisor and are generally reserved for certain situations in which substantial and meaningful changes, in the judgment of the advisor, are occurring in a particular client's goals, objectives, or other financial circumstances and in which the advisor determines that input from his or her peers would be helpful.

C. Content and Frequency of Regular Client Reports

Our normal practice is to provide written quarterly reports to each client. Our reports include information about the securities, funds or other instruments in which a client's account is invested and the performance of the account for the most recent reporting period and, in most cases, certain prior periods. However, reports differ from account statements in that (1) account statements, but not reports, usually show specific transactions within and dates and amounts of additions to and withdrawals from an account, and (2) account statements are prepared and made available to their clients or investors by independent qualified custodians, banks or other financial institutions, or fund service providers, whereas reports come from us. Reports typically also contain our explanation and assessment of the account's performance in light of the client's needs and, if any investment changes have been made or are being recommended, disclosure of the reasons for the changes or proposed changes. Investment valuations used in these reports are supplied by third parties, such as custodians and mutual fund companies, and we do not test or confirm the accuracy of these valuations. Additionally, valuations of hedge funds, private equity funds, and other private or non-traded investments are provided by the general partners, managers, or other sponsors of these funds and may not be reliable due to the absence of available market price quotes and, in some cases, the absence of an independent third party as part of the valuation process adopted by a particular fund. We are not able to, and do not, verify the valuations for such investments.

A. Absence of Certain Benefits Received from Non-Clients

If an investment adviser receives any economic benefit from someone who is not a client of that adviser for providing investment advice or other advisory services, such an arrangement would generally create a conflict of interest. We do not ask for, receive, or accept any economic benefit as a result of, or that in any way depends upon or is related to, our providing any advice or service to any of our clients. All of our compensation consists of fees we receive from our clients, and from our affiliate Saltbox Capital (as discussed above in Item 10. C) in exchange for the administrative support that we provide to that affiliate.

B. Absence of Certain Compensation for Client Referrals

Neither we nor any person or entity related to us directly or indirectly compensates any person or entity for referring clients to us. We are not a party to any referral, solicitation, or similar agreements. We may compensate some of our own personnel based in part on the development of new business.

We expect that all of our clients will have their investment assets (other than certain privately-offered investments) held by a “qualified custodian.” A “qualified custodian” most typically includes a bank or a broker-dealer. We are not a qualified custodian, and accordingly we cannot and do not hold any client assets in a custodial capacity. Our clients should have their funds and securities maintained by a qualified custodian in a separate account for each client under that client’s name that is opened by that client. We do not open custody accounts for clients, as an agent or otherwise.

As an investment adviser, even though we are not a qualified custodian, we can be *deemed* to have custody over a client’s account if we have certain powers over that account. We do not need and therefore seek to avoid having any of those powers, with the exception that, for some clients, we do have the ability to make withdrawals from their accounts (pursuant to a standing authorization they give to us and to their custodian) in payment of our advisory fees or for transfer to another account of the same client. Clients will receive account statements at least quarterly directly from their qualified custodians and should carefully review those statements, including the amounts of any fee withdrawals or money transfers. Even clients as to whom we have no such fee withdrawal or transfer power would be well advised to review the account statements they receive from their qualified custodians to make sure that positions and transactions in their accounts are in accordance with their understanding of those accounts. While we provide clients with quarterly reports as described in Item 13.C above, we do not provide any account statements showing the dates and amounts of all transactions, deposits into, or withdrawals from any account, and clients therefore need to rely on their custodians for this information.

In addition to the foregoing, we could be deemed to have custody of assets in certain circumstances in which one of our supervised persons, such as a senior employee, acts as trustee of a trust, manager of an investment limited liability company or general partner of an investment limited partnership. In any such case, we intend to comply with the custody-related requirements that the SEC imposes, which may include an audit or surprise examination of these assets by an independent accounting firm meeting certain requirements. These audits and examinations can be costly, and as a condition of making one of our supervised persons available to serve in any such capacity that results in deemed custody, we may ask the affected client to bear the costs associated with such audits and examinations. Alternatively, we may decline to permit our employee to serve in any such capacity.

For our investment consulting clients---clients who make their own trading decisions after receiving our advice---we do not have discretionary authority over client accounts. This means that clients do not give us the right to trade (that is, buy or sell) any security (including a mutual fund) in their accounts without their specific approval of each such trade. Instead, we make investment recommendations to our clients (for example, to invest in certain funds or with certain managers), and our clients then determine whether those recommendations should be implemented. When a client accepts our investment recommendation, we generally help with implementation of the recommendation. For example, in the case of an accepted recommendation to buy or sell shares of a certain mutual fund, we may prepare instruction letters for the clients to sign, assisting with completion of account applications, and enter trade orders electronically if the client has instructed its custodian to accept such orders from us. If instead a client has hired a manager to manage a portion of the client's assets in a separate account, the client enters into a contract directly with that manager, and that manager will have discretion to make trades within the portion of the client's portfolio under its management.

For our investment management clients, we generally have discretionary authority over all client accounts, unless a client has directed us to hold a particular security or other investment. In general, this discretionary authority extends to mutual fund shares or other stocks or securities held for a client in a custody account in the client's name at a qualified custodian that the client has instructed to accept trade orders from us. This means that clients give us the right to trade (that is, buy or sell) any security (including shares of mutual funds) in their custody accounts without the client's specific approval of any such transaction. We will generally enter these trade orders electronically, employing the discretionary authority by which the client has instructed its custodian to accept such orders from us. If a client also hires an investment manager to manage a portion of the client's portfolio in a separate account, the client enters into an investment management contract directly with that manager. We will regularly evaluate the performance of that manager, and we may have the authority to increase or decrease the dollar amounts allocated to that manager, but that manager (rather than, and without advice from, FSA) will have discretion to make trades within the portion of the client's portfolio under that manager's control. In addition, clients who invest in privately-offered investments, such as hedge funds and private equity funds, will be required to complete and execute the necessary subscription documents and, if additions and/or withdrawals are permitted, addition or withdrawal documents the

fund requires to effect such transactions. Interests in such privately-offered vehicles generally may be transferred, if at all, only in limited circumstances and typically only with the consent of the general partner or manager.

We do not have and we do not accept the authority to vote client securities.

If clients hold a security in their own name, they would generally receive proxies and other solicitations directly from the issuer of that security, or a transfer agent in the case of certain mutual funds, or a proxy solicitor engaged by the issuer.

If a client's securities are held by a custodian in the record name of the custodian, it is our understanding that proxy materials would typically be provided by the issuer or other proxy solicitor to the custodian, who would then forward them to the client for voting. The responsibility to transmit proxies and other solicitations should be addressed in the written custody agreement between a client and the client's custodian, and we recommend that clients review these provisions, as well as all other contractual provisions, to make sure they are satisfactory before signing the custody agreement.

If a client has hired a separate account manager, proxy voting should be addressed in the investment management contract between the client and that manager. Such contracts often provide a client with the opportunity to choose between assigning proxy voting responsibility to the manager or retaining sole voting authority.

We do not generally offer proxy voting advice, with the exception that we may offer advice regarding a vote on an issue we regard as material that relates to a fund or manager that we recommend broadly to our clients. In such a situation, we expect that our understanding of and relationship with the fund or manager should enable us to obtain enough information that we would generally be able to make an informed voting recommendation. We do not have relationships with proxy voting advisory firms, and we are unlikely to be in a position to make similarly informed voting recommendations regarding funds or managers that we do not broadly recommend or any individual stocks. Nevertheless, a client who has a question regarding a proxy solicitation by a particular issuer should feel free to contact the Federal Street advisor who supervises his portfolio, and that advisor will share any relevant information or analysis that he or she may have.

A. Absence of Balance Sheet

An SEC-registered investment adviser must include a balance sheet, audited by an independent public accountant, if the adviser requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not require or solicit prepayments of our fees six months or more in advance, and therefore this audited balance sheet requirement does not apply to us. As a result, we do not have a balance sheet available for examination by any client, prospect or other person.

B. Absence of Impaired Financial Condition

An SEC-registered investment adviser must, if certain conditions apply, disclose any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. We do not have any such impaired financial condition.

C. No Bankruptcy Petitions

An SEC-registered investment adviser must disclose whether it has been the subject of any bankruptcy petition at any time during the past ten years and, if so, the date of the petition and its current status. We have never been the subject of any bankruptcy petition.