

Disclosure Brochure

September 14, 2011

Winthrop Financial, Inc.

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Winthrop Financial, Inc. (hereinafter "Winthrop Financial"). If you have any questions about the contents of this brochure, please contact Deborah Stauring at (716) 984-8177. 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 Winthrop Financial, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Winthrop Financial, Inc. 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 Winthrop Financial's last annual update. Since this is Winthrop Financial's initial Disclosure Brochure, there are no material changes to report.

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Firm Disclosure Brochure

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Supervised Person Brochure Supplements

Item 4. Advisory Business

Winthrop Financial serves its clients by providing a holistic approach to their financial well-being. The firm's approach includes a discovery process to determine the client needs and wants from his/her financial assets. The firm works with clients to develop a financial plan and establish goals, which may include interfacing with clients' estate, insurance, and tax professionals. Once a financial plan has been established, Winthrop Financial oversees the management of those assets, maintaining communication with clients throughout the process.

Winthrop Financial was founded in July 2011 and has been in business as a registered investment adviser since October 2011. It is currently owned by Deborah Stauring and W. Lawrence Buck. Since this is Winthrop Financial's initial filing for registration, the firm does not yet have any assets under management.

Prior to engaging Winthrop Financial to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Winthrop Financial setting forth the terms and conditions under which Winthrop Financial renders its services (collectively the "*Agreement*").

This Disclosure Brochure describes the business of Winthrop Financial. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Winthrop Financial's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Winthrop Financial's behalf and is subject to Winthrop Financial's supervision or control.

Financial Planning and Consulting Services

Winthrop Financial may provide its clients with a broad range of comprehensive financial planning and consulting services, which includes cash flow analysis and asset allocation projections related to goals such as retirement income needs, college funding, retirement travel, savings, and survivor needs. These services are generally offered to all ongoing investment management clients.

In performing its services, Winthrop Financial is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Winthrop Financial may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Winthrop Financial recommends its own services. The client is under no obligation to act upon any of the recommendations made by Winthrop Financial under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Winthrop Financial itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Winthrop Financial's recommendations. Clients are advised that it remains their responsibility to promptly notify Winthrop Financial if there is ever any change in their financial situation or investment

objectives for the purpose of reviewing, evaluating, or revising Winthrop Financial's previous recommendations and/or services.

Investment Management Services

Clients can engage Winthrop Financial to manage all or a portion of their assets on a discretionary or non-discretionary basis. The firm primarily allocates clients' investment management assets among individual debt and equity securities for larger accounts and mutual funds for smaller accounts (as further described in Item 8 below). Winthrop Financial may provide advice about any type of investment held in clients' portfolios.

Winthrop Financial also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Winthrop Financial either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Winthrop Financial tailors its advisory services to the individual needs of clients. Winthrop Financial consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Winthrop Financial ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Winthrop Financial if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Winthrop Financial's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Winthrop Financial's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Item 5. Fees and Compensation

Winthrop Financial offers its services on a fee basis, as further described below. Additionally, certain of Winthrop Financial's *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

Investment Management Fee

Winthrop Financial provides investment management services for an annual fee based upon either a percentage of the market value of the assets being managed by Winthrop Financial or a percentage of household income. Winthrop Financial's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Winthrop Financial does not, however, receive any portion of these commissions, fees, and costs. The firm's management fee may also include financial planning services (as described below).

Winthrop Financial's annual fee varies according to the type of investment management services the firm is providing. Generally, the firm's annual fee is charged monthly, in advance, based upon the market value of the assets managed by Winthrop Financial on the last day of the previous month. The firm's fees are as follows:

For equity and balanced accounts, the firm charges an annual fee of 1.20% for assets up to \$2,000,000; for assets above \$2,000,000, the fee is negotiable. This fee generally includes up to twenty (20) hours for financial planning, consultation with other advisers, and/or review of the client's 401k plan.

For fixed income accounts (which includes accounts with less than 25% in equities), the firm charges an annual fee of 0.50%.

For mutual fund accounts, the firm charges an annual fee of 1.00%

For its subscription services, the firm charges an annual fee of 1.00%. This fee is based on a percentage of household income, not the value of assets under management.

Accounts with more than 25% in legacy positions may pay a higher fee than as stated above. This fee is set forth in the *Agreement* between the client and Winthrop Financial.

Winthrop Financial, 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, size of relationship, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Winthrop Financial generally recommends that clients utilize the brokerage and clearing services of Raymond James Financial Services, Inc. ("*Raymond James*") for investment management accounts. The firm recommends *Raymond James* for custody of customer assets and execution of customer transactions. Raymond James Associates ("*RJA*"), a corporate affiliate of RJFS and member of the New York Stock Exchange and the Securities Investor Protection Corporation, acts as the clearing agent in the execution of securities transactions placed through *Raymond James*.

Winthrop Financial may only implement its investment management recommendations after the client has arranged for and furnished Winthrop Financial with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Raymond James*, any other broker-dealer recommended by Winthrop Financial, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Winthrop Financial's fee.

Winthrop Financial's *Agreement* and the separate agreement with any *Financial Institution* may authorize the *Financial Institution* to debit the client's account for the amount of Winthrop Financial's fee and to directly remit that management fee to Winthrop Financial. Any *Financial Institution* has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Winthrop Financial. Alternatively, clients may elect to have Winthrop Financial send an invoice for payment.

Fees for Management During Partial Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis. If assets are deposited into or withdrawn from an account after the inception of a month, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the month.

The *Agreement* between Winthrop Financial and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Winthrop Financial's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

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Clients may make additions to and withdrawals from their account at any time, subject to Winthrop Financial's right to terminate an account. Additions may be in cash or securities provided that Winthrop Financial reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Winthrop Financial, subject to the usual and customary securities settlement procedures. However, Winthrop Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Winthrop Financial 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.

Item 6. Performance-Based Fees and Side-by-Side Management

Winthrop Financial 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.

Item 7. Types of Clients

Winthrop Financial provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee

As a condition for starting and maintaining a relationship, Winthrop Financial generally imposes a minimum annual fee depending on the type of investment management services to be rendered, as follows: equity and balanced accounts (\$750); fixed accounts (\$1,000); mutual fund accounts (\$500); and subscription service (\$500).

This minimum fee may have the effect of making Winthrop Financial's service impractical for certain clients and those with smaller accounts may pay an effective fee rate above what is disclosed in Item 5. Winthrop Financial, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Winthrop Financial's philosophy emphasizes a fundamental, bottom-up investment approach whereby securities are screened for specific criteria using evaluation techniques centering around companies that have the following criteria: a uniqueness or niche which gives the company a strong market position and the ability to adjust prices; recurring revenue (such as firms dealing with non-durable consumer goods); historical growth rates faster than the economy that show a record of consistent earnings, sales, and dividend growth; low debt levels that allow management the flexibility to expand their business; significant share ownership by management; relative price to earnings; and/or cash flow.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Winthrop Financial 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.

Investment Strategies

Financial / Goal Planning

- *Function:* The firm's financial planning is designed to establish a basis for its investment program and make clients aware of issues to consider when planning their future.
- *Structure:* Financial planning begins with an interview with new clients to prioritize goals, establish an appropriate asset allocation, present alternate projections to work towards goals, and collect pertinent financial data. Depending on the client, this information may be obtained over a series of meeting with the client as the portfolio is developed. Winthrop Financial offers clients an annual review of their financial plan to realign goals and determine if portfolio reallocation is appropriate.
- *Other Advisors:* Winthrop Financial will work with the client's other advisors for tax questions and estate planning issues in order to get to know the other advisors and to understand client's situation.

Portfolio Management

Winthrop Financial tailors portfolios to meet each client's need through individual stock and bond selection allocated appropriately for growth and cash flow requirements. This entails a simplified portfolio structure that seeks a broad core exposure to provide diversification and long term objectives, with an

outlying allocation in higher risk actively traded securities appropriate for the risk level and tax desire of the individual client. The firm also incorporates fixed income in balanced portfolios in laddered maturities. Portfolios are constructed based on each client's life situation in accordance with financial capacity to incur risk and the client's attitude toward and willingness to incur the risk, the cash flow in and out of a portfolio, personal constraints, tax liability and purpose. These types of portfolios may include:

- *Growth / High Risk Exposure:* This type of portfolio is designed to provide clients with the opportunity to achieve aggressive capital appreciation but includes a high likelihood of fluctuation in account value. This portfolio composition is generally for investors who are not concerned with liquidity or the need for immediate income and have a long time horizon and are willing to lose a substantial portion of their investments. This portfolio targets holding 100% individual equities (although cash may be held from time to time) with a core growth component (as described below) making up the largest percentage of holdings.
- *Growth / Income Secondary / Moderate Risk Exposure:* This type of portfolio is designed to provide clients with the opportunity to achieve asset growth with nominal income and moderate fluctuations in account value. This type of portfolio has a generous allocation invested in individual equities. The growth component and high yield equity component comprises this portfolio's core allocation.
- *Income / Growth Secondary / Moderate to Low Risk Exposure:* This type of portfolio has an emphasis on maintaining purchasing power while generating current income and is designed for investors who seek to balance the potential risk of loss with income potential. The equity allocation of this portfolio is likely to consist of a high yield equity component with a moderate position in the growth component.
- *Income / Low Risk Exposure:* This type of portfolio has an emphasis on current income and preservation of principal and is designed for investors who want to minimize the changes of fluctuation in account value. This portfolio targets 70% - 100% in bonds and cash equivalents with any stock allocation from a high yield equity component.

Portfolio Composition

Winthrop Financial's portfolios generally consist of the following components:

- *Growth:* This component provides investment growth by investing primarily in common stocks of companies that appear to offer superior opportunities for growth of capital. The basic investment philosophy is to seek reasonably priced securities that represent long term investment opportunities. This component as the core component of a portfolio is best suited for investors with higher risk tolerance and/or longer time horizons.
- *High Yield Equity:* This component is comprised of stocks with historical dividend yields above the average yield for the S&P 500 stock index. This component is generally a core position for all client portfolios and may be the total equity allocation for certain investors.

- *Small and Mid-Cap:* This component is comprised of stocks of small and mid-sized companies. The investment approach in this category is to seek securities that have increased per-share earnings materially above the average rate of other issues and are expected to continue to do so for the intermediate future. While an allocation in this component is incorporated in most growth portfolios, it may be inappropriate for more conservative or income oriented investors.
- *Fixed Income:* This component is comprised of fixed income securities limited to U.S. government treasury and agency issues; municipal or corporate bonds rated no lower than A- by either Standard & Poor's or A3 by Moody's.; foreign government bonds rated no lower than AAA or Aaa; and select money market instruments with the highest ratings. This component is used for safety of principal and liquidity needs of the client. Its makeup is a maturity ladder, usually no longer than ten years in duration. Economic conditions will justify shorter or longer term maturities.

Legacy Portfolio Program

This program generally includes a portion of the client's overall portfolio, the remainder of which is managed pursuant to one of the firm's other investment strategies. Clients included in this program have above normal concentration in one or more stocks that may have low cost basis or emotional attachment so that there are restrictions on sale. Clients are advised that there is potentially a higher risk level and increased portfolio volatility when holding concentrated positions, and this may constrain proper portfolio allocation. Where agreed upon by client, a schedule for liquidation over a number of years will be set in place. Depending on client's goals and cash flow needs and the makeup of investments outside of the concentrated position, diversification will be sought to the best possible level.

Mutual Fund Program

Accounts valued under \$100,000 will be placed in the mutual fund program. Investment objectives will be set in line with risk level and cash flow needs. Portfolios in this program will generally be invested in three to five mutual funds providing the appropriate diversification. Although the firm favors a long-term buy and hold approach, at times a non-performing fund will be sold regardless of time held in the account in order to re-invest in a fund with greater appreciation potential, more yield, or a growing sector in the economy.

Subscription Service

Winthrop Financial's subscription service provides clients with financial planning and advice, including goal planning, education planning for children, budget and debt management and life insurance planning. In providing financial planning and advice, Winthrop Financial will also explore the client's personal values and review housing options, insurance policies, family involvement, emergency planning, long term care planning and distribution planning. Where appropriate, the firm will recommend reallocation of the client's assets.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of Winthrop Financial'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 Winthrop Financial will be able to predict those price movements accurately.

Management Through Similarly Managed Accounts

For certain clients, Winthrop Financial may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, Winthrop Financial buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

Winthrop Financial's management using the *investment strategy* complies 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.

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 Winthrop Financial's clients may be limited. As further discussed in response to Item 12B (below), Winthrop Financial allocates investment opportunities among its clients on a fair and equitable basis.

General Risk of Loss

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

Item 9. Disciplinary Information

Winthrop Financial 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. Winthrop Financial does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

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

Receipt of Insurance Commission

Certain of Winthrop Financial's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Winthrop Financial does not sell such insurance products to its investment advisory clients, Winthrop Financial does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Winthrop Financial recommends the purchase of insurance products where Winthrop Financial's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

Winthrop Financial and persons associated with Winthrop Financial (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Winthrop Financial’s policies and procedures.

Winthrop Financial 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 Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Winthrop Financial or any of its associated persons. The *Code of Ethics* also requires that certain of Winthrop Financial’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 Winthrop Financial’s *Code of Ethics*, none of Winthrop Financial’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 Winthrop Financial’s clients.

When Winthrop Financial 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 Winthrop Financial 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 Winthrop Financial to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Winthrop Financial generally recommends that clients utilize the brokerage and clearing services of *Raymond James*.

Factors which Winthrop Financial considers in recommending *Raymond James* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Raymond James* enables Winthrop Financial to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, *Raymond James* has agreed to compensate clients for any transfer fees that may be assessed for moving their account(s) to *Raymond James*. The commissions and/or transaction fees charged by *Raymond James* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Winthrop Financial's clients comply with Winthrop Financial's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Winthrop Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Winthrop Financial seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Winthrop Financial and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Winthrop Financial periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

As further set forth in the custodial agreement between the client and *Raymond James*, *Raymond James'* fee includes all execution charges except (1) certain dealer mark-ups and odd-lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchange Act of 1934 and any other charges imposed by law with regard to transactions in the account, (2) offering concessions and related fees for purchases of money market mutual funds and other public offerings of securities as more fully disclosed in the prospectus; and (3) certain legal transfer fees. Clients may also incur charges for other account services provided by *Raymond James*, through RJA, not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for transfers of securities. *Raymond James* is not obligated to execute any transaction that would violate state or federal law or regulation of any self-regulatory organization of which *Raymond James* is a member. *Raymond James* may designate certain investments that cannot be held in a client's account.

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Except as otherwise provided, *Raymond James*' responsibility is limited to executing transactions pursuant to the firm's instructions and *Raymond James* does not take responsibility for the management of individual client portfolios. Winthrop Financial has agreed to indemnify and hold harmless RJFS, *Raymond James*, and their officers, directors, associates, agents, employees, and affiliates from any losses, costs (including attorneys fees), indebtedness, and liabilities arising from actions directed by client or the firm. This indemnification agreement is a continuing one and shall remain in full force and effect until terminated in writing.

The client may direct Winthrop Financial in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Winthrop Financial will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Winthrop Financial (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Winthrop Financial may decline a client's request to direct brokerage if, in Winthrop Financial's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Winthrop Financial decides to purchase or sell the same securities for several clients at approximately the same time. Winthrop Financial may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Winthrop Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Winthrop Financial's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Winthrop Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Winthrop Financial's *Supervised Persons* may invest, Winthrop Financial generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Winthrop Financial does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Winthrop Financial determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other

accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Winthrop Financial may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Winthrop Financial in its investment decision-making process. Such research generally will be used to service all of Winthrop Financial's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Winthrop Financial does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Winthrop Financial may receive from *Raymond James*, without cost to Winthrop Financial, computer software and related systems support, which allow Winthrop Financial to better monitor client accounts maintained at *Raymond James*. Winthrop Financial may receive the software and related support without cost because Winthrop Financial renders investment management services to clients that maintain assets at *Raymond James*. The software and related systems support may benefit Winthrop Financial, but not its clients directly. In fulfilling its duties to its clients, Winthrop Financial endeavors at all times to put the interests of its clients first. Clients should be aware; however, that Winthrop Financial's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Winthrop Financial's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Winthrop Financial may receive the following benefits from *Raymond James* through the its registered investment adviser group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its registered investment advisor group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Raymond James has also provided Winthrop Financial with monetary assistance for the start-up of the firm that has an associated repayment provision. If Winthrop Financial maintains a specified amount of client assets on *Raymond James'* advisory platform, it will not be responsible for repayment of these costs. As such, Winthrop Financial has a financial incentive to recommend that clients utilize *Raymond James* as the custodian for their accounts.

Item 13. Review of Accounts

For those clients to whom Winthrop Financial provides investment management services, Winthrop Financial monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Winthrop Financial provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the principals of Winthrop Financial. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Winthrop Financial and to keep Winthrop Financial informed of any changes thereto. Winthrop Financial contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Winthrop Financial provides investment advisory services will generally receive a report from Winthrop Financial that may include account and/or market-related information on a semi-annual basis.

Those clients to whom Winthrop Financial provides financial planning services will receive reports from Winthrop Financial summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Winthrop Financial.

Item 14. Client Referrals and Other Compensation

Winthrop Financial 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, Winthrop Financial is required to disclose any direct or indirect compensation that it provides for client referrals.

Winthrop Financial may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Item 15. Custody

Winthrop Financial's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Winthrop Financial through such *Financial Institution* to debit the client's account for the amount of Winthrop Financial's fee and to directly remit that management fee to Winthrop Financial in accordance with applicable custody rules.

The *Financial Institutions* recommended by Winthrop Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Winthrop Financial. In addition, as discussed in Item 13, Winthrop Financial also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Winthrop Financial.

Item 16. Investment Discretion

Winthrop Financial may be given the authority to exercise discretion on behalf of clients. Winthrop Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Winthrop Financial is given this authority through a power-of-attorney included in the agreement between Winthrop Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Winthrop Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

Item 17. Voting Client Securities

Winthrop Financial is required to disclose if it accepts authority to vote client securities. Winthrop Financial does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Winthrop Financial does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Winthrop Financial is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Winthrop Financial has no disclosures pursuant to this Item.

Winthrop Financial, Inc.

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Prepared by:



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The Adviser's Advisor®