

**Firm Brochure ADV Part 2A**

The financial advisors of Flagship Private Wealth are registered representatives with securities offered through LPL Financial, member FINRA/SIPC.

**Item 1 Cover Page**

Registered as Flagship Private Wealth, LLC



Doing Business As: Flagship Private Wealth

Registered Investment Adviser

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(781) 756-0090 – phone  
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<http://flagshipprivatewealth.com>

**September 27, 2016**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of Flagship Private Wealth. If you have any questions about the contents of this Brochure, please contact us at (781) 756-0090. In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Registration of a registered investment adviser does not imply any level of skill or training. Additional information about Flagship Private Wealth is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

As of the 8/24/2016 the firm was approved as an SEC registered investment advisor. This is material change from the previously filed ADV 2A of 5/2/2016.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (781) 756-0090 or at [info@flagpw.com](mailto:info@flagpw.com).

Additional information about Flagship Private Wealth is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Flagship Private Wealth who are registered, or are required to be registered, as investment adviser representatives of Flagship Private Wealth.

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#### **Item 4 – Advisory Business**

The firm was first formed in 2012 offering advisory services and securities through LPL Financial, a FINRA/SIPC registered broker/dealer and SEC registered investment adviser. In 2015 Flagship Private Wealth became a state registered investment adviser to directly offer advisory services. The firm continues to offer securities through LPL Financial, an unaffiliated FINRA/SIPC registered broker/dealer.

#### **Management Team**

**Ron Giunta, CFP®**, is a founding partner and co-manager of Flagship Private Wealth. He is a graduate of Tufts University where he earned a BA in Economics. Ron has been giving advice to individuals and families for over 20 years and focuses his efforts on comprehensive financial planning, wealth management and retirement planning. He resides in Newton, MA with his wife and their twins. He enjoys snowboarding, golf, traveling and spending time with family and friends.

**Betsy Johnson, CFP®, MBA**, is a founding partner and co-manager of Flagship Private Wealth. She has been providing advice to individuals, families and small businesses for more than 20 years with a focus on investment management, comprehensive financial planning, retirement strategies and intergenerational wealth transfer. Betsy graduated from Holy Cross with a BA in French and from the University of Massachusetts with an MBA in Finance. Betsy resides in Andover, MA with her husband and child and enjoys international travel, fine cuisine / wines and organic gardening.

**Karl Warner, CFP®**, is a founding partner and co-manager of Flagship Private Wealth. He has been giving investment advice to individuals, families and small businesses for more than 20 years with special emphases on retirement planning and strategies to transfer wealth from older to younger generations. Prior to becoming a financial advisor, Karl attended the University of Wisconsin – La Crosse for a BS in History, and Boston University's Master's program in International Relations. As a Certified Financial Planner, Karl develops financial projections and constructs a wide variety of investment portfolios to solve the complex and constantly changing needs of his clients. Karl is married, has two children, and lives in Andover, MA. He enjoys international travel, fine foods and wines, golf, discussing economics and politics, and spending time with his family.

Flagship Private Wealth provides fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals based on the individual goals, objectives, time horizon, and risk tolerance of each client. The firm also offers advisory services to charitable organizations. Portfolio management services include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Risk Tolerance
- Personal Investment Policy
- Asset Selection
- Regular Portfolio Monitoring

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

The investment adviser representatives associated with Flagship Private Wealth are appropriately licensed, and authorized to provide advisory services on behalf of Flagship Private Wealth. Investment Adviser Representatives associated with Flagship Private Wealth are also registered representatives of LPL Financial, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. Flagship Private Wealth and LPL Financial are not affiliated legal entities.

### **Asset Management**

Flagship Private Wealth, through its investment advisor representatives, provides ongoing investment advice and management on assets in the client's custodial accounts. Advice may be discretionary or non-discretionary as indicated in the client account agreement. More specific account information and acknowledgements are further detailed on the account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or, in the case of an oral contract, otherwise signified their acceptance, any other provisions of this contract notwithstanding.

### **Strategic Wealth Management (SWM)**

Strategic Wealth Management (SWM) is a comprehensive, open-architecture, fee-based investment platform created by LPL Financial to allow independent investment advisers such as Flagship Private Wealth to offer clients customized advice and exceptional service. The platform provides a foundation to develop long-term financial goals and provide potential solutions. With this platform, multiple investments can be included into one account with one consolidated statement. Flagship Private Wealth has the fiduciary responsibility on the account.

There is no minimum account value required.

### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### **Managed Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. Flagship Private Wealth investment advisor representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

## Manager Access Select Program

Manager Access Select is a separate account platform available through LPL Financial that offers high-net-worth investors the ability to access a variety of institutional portfolio managers at significantly lower account minimums. This enables clients to enjoy a higher level of specialization and service through the ownership of individual securities. Advisors can choose from a broad range of Portfolio Managers and multiple investment styles including equity, fixed income, balanced, international, ETF, REIT and socially responsible portfolios.

Manager Access Select is specifically designed for Advisors who have their own registered investment adviser. The platform compensates Advisors through an annual advisor fee based on each account's value. For this fee, Advisors provide investment advisory services to their clients such as asset allocation, Portfolio Manager recommendations, quarterly account reviews and consolidated reporting.

Financial advisors can set the annual advisor fee for each individual client who has a Manager Access Select account. The following costs are included in the total Account Fee paid by clients and should be considered:

- Advisor Fee
- LPL Financial Fee
- Portfolio Manager(s) Fee

LPL Financial is registered with the Securities and Exchange Commission, and has filed a notice filing in all states, the District of Columbia and the Virgin Islands.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

The account fee charged to the client for each advisory program is subject to the following maximum account fees:

<b><u>Advisory Program</u></b>	<b><u>Annual Maximum Percentage of Assets Charge</u></b>
Asset Management	2.0%
OMP	2.0%
PWP	2.0%
MWP	2.0%
Manager Access Select	2.0%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Associated persons of Advisor may also be registered representatives of LPL. The purchase of a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from investment advisor representative of the firm. Clients may purchase investment products recommended by

investment advisory representatives through other, non-affiliated broker/dealers or insurance agents. Transactions in advisory program accounts are effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, and the number of transactions. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Neither the firm nor any investment advisor representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### **Financial Planning Services**

As part of our financial planning services, Flagship Private Wealth, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- Retirement – planning an investment strategy with the objective of providing inflation- adjusted income for life.
- College / Education – planning to pay the future college / education expenses of a child or grandchild.
- Major Purchase – Evaluation of the pros and cons of home ownership verse renting as well as buying or leasing a car, for example.
- Divorce – planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.
- Insurance Needs – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.
- Final Expenses – planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.
- Estate Planning – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- Cash Flow/ Budget Planning – planning to manage expenses against current and projected income.
- Wealth Accumulation – planning to build wealth within a portfolio that takes



into consideration risk tolerance and time horizon.

- Business Succession – planning for the continuation of a business in a smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- Tax Planning – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- Investment Planning – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.

The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are detailed in the client agreement.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You should also be aware that our financial plans may contain certain assumptions with respect to interest and inflation rates, along with past trends and performance of the market and economy. Past performance is in no way an indication of future performance. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through Flagship Private Wealth and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, Flagship Private Wealth may make a variety of products and services available through its IARs, in their capacity as a registered representative of LPL. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Flagship Private Wealth and the IAR.

A conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by Flagship Private Wealth to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to Flagship Private Wealth and the IAR, this presents a conflict of interest. This compensation to IAR and Flagship Private Wealth may be more or less depending on the product or service that IAR recommends.

Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

- A conflict exists between the interests of the investment adviser and the interests of the client,
- The client is under no obligation to act upon the investment adviser's recommendation; and,
- If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

### **Hourly Consulting Services**

Flagship Private Wealth, through its investment advisor representatives, may provide consulting services including, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The investment advisor representatives may or may not deliver to the client a written analysis or report as part of the services. The investment advisor representatives tailor the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. Fees for such services are detailed in the client agreement.

## **Item 5 – Fees and Compensation**

### **Asset Management**

The specific manner in which fees are charged by the firm is established in a client's written agreement between the client and Flagship Private Wealth – up to 2.0% of assets under management. Clients can determine to engage the services of Flagship Private Wealth on a discretionary or non-discretionary basis. The firm's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm's management to be charged quarterly in advance, and Flagship Private Wealth representatives may at their discretion charge a fee not to exceed 2.0%.

The client is made aware of the following:

- Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your

account including the amount of the advisory fees paid to Flagship Private Wealth;

- You provide authorization permitting us to be directly paid by these terms.

In cases where LPL is the custodian, LPL is responsible for calculating and deducting advisory fees from client accounts held at LPL. Client will provide LPL with written authorization to deduct fees and pay the advisory fees to the Flagship Private Wealth firm. The advisory fee is paid directly by LPL to the Flagship Private Wealth firm (not the individual). The Flagship Private Wealth firm will then share the advisory fee with its advisors/associated persons. Flagship Private Wealth may instead elect a custom billing method where LPL is provided instructions to pay fees based on the fee calculations of Flagship Private Wealth.

If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

### **LPL Financial Sponsored Advisory Programs:**

The account fee charged to the client for each advisory program is subject to a maximum of 2.0%.

Account fees are payable quarterly in advance if processed by LPL Financial. If a custom billing option is elected, fees may be paid in advance or in arrears as agreed. Clients may terminate the agreement without penalty for a full refund of Flagship Private Wealth' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established.

### **Financial Planning Services**

We charge on an hourly or fixed fee basis for financial planning services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee generally ranges from \$250 – \$350 an hour but may exceed \$350 as circumstances warrant. Our fixed fee is generally between \$500 and \$5,000 but may exceed \$5,000 as circumstances warrant.

### **Hourly Consulting Services**

We charge on an hourly or flat fee basis for consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$250 - \$350. Flat fees generally range from \$500 to \$5,000. Depending on the complexity of a plan fees may exceed \$5,000.

## **Other Types of Fees & Expenses**

Clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

## **Termination & Refunds**

A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

## **Commissionable Securities Sales**

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers. Clients may direct their brokerage transactions at a firm other than LPL Financial.

When dealing with investment advisory clients and services, investment adviser representatives have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Investment adviser representatives should fully disclose all material facts concerning any conflict that does arise with these clients, and should avoid even the appearance of a conflict of interest.

Please note, clients may purchase investment products recommended by our firm through other, non-affiliated broker dealers or agents.

When the firm's representatives sell an investment product on a commission basis, in their capacity as a registered representative the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Flagship Private Wealth representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services for an advisory fee and also purchase an investment product from the firm's representatives on a separate commission basis. When a commission and advisory fee are both earned, only one will be charged, however, a commission may be charged for brokerage transactions that are executed independent of asset management services, which amounts to different fees for different services.

In certain cases, LPL may serve as the broker/dealer on transactions in a customized advisory

account. In such case, LPL may charge the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established.

If the custom advisory services apply to variable annuities for which the investment advisor representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker-dealer may charge clients commissions, markups, markdowns and/or transaction charges.

LPL serves as program sponsor, investment advisor and broker/dealer for the LPL advisory programs. Associated persons of Advisor may also be registered representatives of LPL. Lower fees for comparable services may be available from other sources.

#### **Item 6 – Performance-Based Fees and Side-by-side Management**

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account.

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

#### **Item 7 – Types of Clients**

The advisory services offered by Flagship Private Wealth are available for individuals, individual retirement accounts (“IRAs”), banks and thrift institutions, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

However, the firm generally provides investment advice to individuals and high net worth individuals as well as charitable organizations. The firm is currently not working with other types of clients or pursuing them as prospects but would consider other opportunities that may arise. The firm does not require an account minimum.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, it is subject to review and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of multiple forms of analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

- **Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical Analysis** involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.
- **Cyclical Analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- **Charting Analysis** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- **Long-Term Purchases** are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Options Trading/Writing** is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Our

investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

Even hedging strategies may fail if markets move against the hedged investments. In addition, investing carries with it opportunity risk it is impossible to accurately predict the sectors of the market or asset classes that will have more favorable returns for a given period.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As



interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

- **Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Investment Adviser Representatives of Flagship Private Wealth offers a variety of investment vehicles. Assets are generally allocated between the below list and in some cases an asset class not listed may be appropriate for a particular client.

- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.



- **Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Annuities** - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Non-U.S. securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **UIT Securities** - designed for investors who can assume the risks associated with equity or fixed-income investments and may not be appropriate for investors seeking capital preservation or high current income. There is no assurance that UIT securities will meet their objective(s). There may be special risks if a portfolio is concentrated within a specific sector of the market. A UIT may contain a limited number of securities, which may make it more susceptible to price volatility than a portfolio diversified among a greater number of holdings. UITs are not actively managed and do not sell securities in response to ordinary market fluctuations. Instead, securities will not usually be sold until termination, which could mean that the sale price of the trust securities may not be the highest price at which these securities traded during the life of the trust.
- **Structured Notes** - also known as market-linked notes, are generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies, and to a lesser extent, swaps. Structured notes are usually issued by investment banks or affiliates thereof. They have a fixed maturity, and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some notes use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other notes use the derivative

component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured notes is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these notes are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured notes involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and other events that are difficult to predict.

- **Hedge Funds and Managed Futures.** Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Margin Accounts.** Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Cash.** We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management as applicable.

- **Corporate Debt & Municipal Securities.** The Adviser generally analyzes the current yield, yield to maturity, yield to call, call and default risks, and interest coverage. Debt is issued by federal, state and foreign governments and corporations to finance their operations. Debt represents their promise to repay the borrowed amount with interest according to the terms and conditions of the debt instrument. Debt obligations offer limited participation in the upside of a business. In exchange holders receive interest and a position that is generally senior to equity in a bankruptcy.

## **Investment Strategies**

The Adviser works with each client to design an appropriate investment strategy based on their financial and tax status, risk tolerance and investment objectives. The Adviser usually recommends investment strategies for the long-term, but may occasionally recommend

short-term investment and hedging strategies. The Adviser generally recommends a target asset mix with periodic rebalancing.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management as applicable.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage a registered investment advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation

adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer and subject to LPL Financial surveillance controls.

Neither Flagship Private Wealth nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Flagship Private Wealth maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The Code of Ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives. The Code of Ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or investment advisor representatives in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. Flagship Private Wealth addresses this conflict of interest by requiring in its Code of Ethics that employees and investment advisor representatives report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Neither Flagship Private Wealth nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

## **Item 12 – Brokerage Practices**

Flagship Private Wealth will recommend LPL Financial as the broker/dealer for securities transactions. Flagship Private Wealth is independently owned and operated and not affiliated with any of the aforementioned broker-dealers.

Flagship Private Wealth may receive support services and/or products from LPL Financial, Schwab, Fidelity and/or TD Ameritrade, many of which may assist Flagship Private Wealth to better monitor and service program accounts maintained on behalf of Flagship Private Wealth' clients. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

Support services provided by LPL Financial to Flagship Private Wealth is based on the overall relationship between Flagship Private Wealth and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. Flagship Private Wealth will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Flagship Private Wealth to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

LPL Financial may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the Custodians may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision- making; and other products or services that provide lawful and appropriate assistance by the Custodians to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by

a specific client may be used to pay for research that is not used in managing that specific client's account.

As a result of receiving the services Flagship Private Wealth may have an incentive to continue to use or expand the use of the Custodians services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with LPL Financial and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

LPL Financial charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL Financial enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers.

Clients may pay a commission to the Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Clients may direct their brokerage transactions at a firm other than LPL Financial. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices. Likewise, client directed brokerage accounts may also result in more favorable prices, depending on each client's individual situation.

### **Item 13 – Review of Accounts**

For those clients to whom Flagship Private Wealth provides investment supervisory services, account reviews are conducted on an ongoing basis by the Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Flagship Private Wealth of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

The Chief Compliance Officer may also conduct account reviews based on the occurrence of a



triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

#### **Item 14 – Client Referrals and Other Compensation**

##### **LPL Financial, LLC**

Flagship Private Wealth receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

Flagship Private Wealth and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or

advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Flagship Private Wealth for the costs associated with, education or training events that may be attended by Flagship Private Wealth employees and investment advisor representatives and for Flagship Private Wealth sponsored conferences and events.

Flagship Private Wealth does not directly or indirectly compensate any person who is not a supervised person for client referrals. There are no other economic benefits provided by someone who is not a client for providing investment advice.

#### **Item 15 – Custody**

Flagship Private Wealth does not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

#### **Item 16 - Investment Discretion**

The client can determine to engage Flagship Private Wealth to provide investment advisory services on a discretionary basis. Prior to Flagship Private Wealth assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming Flagship Private Wealth as the client's attorney and agent in fact, granting Flagship Private Wealth full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

#### **Item 17 – Voting Client Securities**

Flagship Private Wealth does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Flagship Private Wealth at (781) 756-0090 to discuss any questions they may have with a particular solicitation.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

#### **Item 18 – Financial Information**

Flagship Private Wealth does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Flagship Private Wealth been the subject of a bankruptcy petition.