



HALSEY ASSOCIATES

Halsey Associates, Inc.
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www.halseyassociates.com

March 22, 2017

This brochure provides information about the qualifications and business practices of Halsey Associates, Inc. (hereinafter “Halsey Associates” “the Firm” or “the Adviser”). If you have any questions about the contents of this brochure, please contact Nicole M. Tremblay at (781) 235-7055 or ntremblay@halseyassociates.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Halsey Associates is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 281212.

Item 2. Material Changes

The following is a brief summary of the Material Changes that are included in Halsey Associates, Inc.'s ("hereinafter "Halsey Associates"; the "Adviser" or the "Firm") Form ADV (the "Brochure") dated **March 22, 2017**. The prior version of the Brochure was dated **January 23, 2017**.

As previously disclosed, on January 23, 2017, Halsey Associates moved to a new office at One Century Tower, 265 Church Street, Suite 1006, New Haven, CT 06510. Our telephone numbers have remained the same. The direct dial phone number is 203-772-0740 and the facsimile number is 203-772-1433.

Halsey Associates has made other changes to the Brochure but view these changes as immaterial. Halsey Associates will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge and at your request.

Currently, the Brochure may be requested by contacting Nicole M. Tremblay, Esq., Chief Compliance Officer at 781-235-7055 or ntremblay@halseyassociates.com. This Brochure is also available on Halsey Associate's web site at www.halseyassociates.com free of charge. Additional information about Halsey Associates is also available via the SEC's web site at www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Halsey Associates who are registered, or are required to be registered, as investment adviser representatives of Halsey Associates.

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Item 4. Advisory Business

On August 1, 2015 Washington Trust Bancorp, Inc., a Rhode Island corporation and a bank holding company (“WTBancorp”), acquired Halsey Associates, Incorporated (“Predecessor Halsey”) via a merger of Halsey Associates, Incorporated with and into a wholly-owned subsidiary of WTBancorp, WT Acquisition, Inc. By virtue of the merger, WT Acquisition, Inc. changed its name to Halsey Associates, Inc. and became a successor in interest to Predecessor Halsey. WTBancorp is the parent corporation of The Washington Trust Company, of Westerly, a Rhode Island chartered bank headquartered in Westerly, Rhode Island, which is the parent of Halsey Associates.

This Adviser is a successor in interest by merger to Predecessor Halsey, an SEC-registered investment adviser with its principal place of business located in New Haven, Connecticut which began conducting business in 1967 and has been registered as an investment adviser since 1978.

James S. Zoldy, Jr., President, and Kenneth J. Julian, Executive Vice President, Mark K. W. Gim, Executive Managing Director, David V. Devault, Chief Financial Officer and Treasurer, Nicole M. Tremblay, Chief Compliance Officer and Secretary, Thomas Beirne III, Vice President, and Thomas Ellis, Vice President, are the Firm’s principal officers.

Halsey Associates offers Individual Portfolio Management services to its advisory clients. In addition, certain existing clients of Halsey Associates receive consulting services that are no longer offered by the Adviser to new clients. Please see the disclosure below in this Item for additional information regarding this service.

As of December 31, 2016, Halsey actively managed \$883,703,668 of client assets on a discretionary basis and \$5,982,014 of client assets on a non-discretionary basis for a total of \$889,685,682 in assets under management.

PORTFOLIO MANAGEMENT

Our Firm offers two distinct portfolio management services to its advisory clients: our Tailored Portfolio Management Services and our Equity-Only Model.

Tailored Portfolio Management Services

Through our tailored portfolio management service, we will provide continuous advice to a client regarding the investment of client funds based on the client’s individual needs. Through personal discussions with our clients, their goals and objectives are determined. We then create and manage a portfolio based on these goals and objectives. During this data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client’s prior investment history, as well as family composition and background.

We currently offer our portfolio management services on a discretionary basis only. However, we do have some legacy client accounts that we continue to manage on a non-discretionary basis. Account supervision is guided by the client’s stated investment objectives (e.g., a balance between income and growth or income only), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors at any time.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Our client portfolios primarily consist of individual stocks (domestic and foreign) and bonds (domestic), but may include options, no-load mutual funds, and exchange-traded funds (“ETFs”) at the client’s direction, and private placements for “accredited investor” clients.

Because some types of investments, such as options and private placements, involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Further, private placements are only offered to clients who are also deemed “accredited investors,” as defined under the Securities Act of 1933.¹

Halsey Equity-Only Model

Halsey Associates also offers investment management services using an Equity-Only Model Portfolio. The Model Portfolio is designed to produce long-term growth of capital and income by investing in a diversified, actively managed portfolio of common stocks. As such, the Model Portfolio is suitable only for investors with longer time horizons who can withstand a high degree of principal volatility. Halsey Associates will manage these advisory accounts in accordance with the model on a discretionary basis only.

For clients or prospective clients interested in this service, Halsey Associates will seek to determine the client’s or prospective client’s investment goals and objectives to assess the suitability of the Halsey Equity-Only Model Portfolio to the client's financial circumstances. Client’s should note that through this service, accounts are managed based on the model portfolio’s strategy and objectives, rather than on each client's individual needs. Therefore, Clients entering into, or selling from, the Equity-Only Model Portfolio must do so on the whole of the Equity-Only Model Portfolio selected and not by trading individual positions within the Equity-Only Model Portfolios, subject to reasonable restrictions imposed by the Client. Therefore, as a result, the Model Portfolios may not be suitable for all Clients.

Once invested through the Halsey Equity-Only Model Portfolio, and in order to ensure that the client's account continues to be managed in a manner fitting the client's financial circumstances, Halsey Associates will seek to maintain client suitability information in the client's file. As such, we request that clients notify us promptly of any material change to his/her financial circumstances.

PORTFOLIO CONSULTING

Small subsets of our clients receive our investment advice on a consulting basis. We will provide these clients with access to our investment research and/or general portfolio recommendations. These clients, however, will be solely responsible for the implementation of our advice and portfolio recommendations.

Our recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. These types of consulting arrangements are no longer offered by Halsey Associates to other clients or prospective clients.

¹ For the definition of “accredited investor,” please see Rule 501 of Regulation D of the Securities Act of 1933. This definition is also set forth on the website of the SEC: <https://www.sec.gov/answers/accred.htm>.

Item 5. Fees and Compensation

FEES FOR PORTFOLIO MANAGEMENT

The annual fee charged for our portfolio management services, whether provided through our Tailored Portfolio Management Services or our Equity-Only Model Portfolio, is based on a percentage of the amount of assets under management with Halsey according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$3,000,000	0.75%
\$3,000,001 to \$10,000,000	0.50%
\$10,000,001 to \$20,000,000	0.375%
Over \$20,000,000	0.25%

For example, if a client's account is valued at \$21,000,000, the annual fee would be calculated as follows: $(\$3,000,000 \times 0.75\%) + (\$7,000,000 \times 0.50\%) + (\$10,000,000 \times 0.375\%) + (\$1,000,000 \times 0.25\%)$.

Our fees are assessed quarterly, in advance, at the beginning of each quarter. Thus, clients are charged $\frac{1}{4}$ of their annual advisory fee each quarter. The fee is based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous three-month period. Clients will be invoiced or have their fees debited from the account in accordance with the client's authorization. Our invoices are normally sent out in the middle of the quarter for which the services are provided. The client's custodian will however send the client the official custodial statements, at least quarterly, reflecting the amount of fees deducted including the fees paid directly to Halsey Associates.

A minimum of \$1,500,000 of assets under management is required to open a portfolio management account with Halsey Associates. This minimum account size and annual fee may be negotiable under certain circumstances. Halsey Associates may group certain related client accounts for the purposes of achieving the minimum account value requirement. Once an account is accepted, there are no specific minimum account requirements for maintaining an account.

FEES FOR PORTFOLIO CONSULTING

Halsey Associates' Portfolio Consulting fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. The fees for such services are fixed fees, typically ranging from \$500 to \$5,000, and are negotiated directly with the client. These fees are payable quarterly or annually in arrears. The quarterly billings are made halfway through the period of service for which the bill is submitted and payable by the end of that period. The annual billings are made on November 15th for the year ending December 31st.

There is no minimum fee for consulting services.

FEES FOR FIDUCIARY AND INVESTMENT MANAGEMENT SERVICES

Clients have the option of hiring Washington Trust to serve in the capacity as a Fiduciary (i.e. Corporate Trustee) over their personal or family Trusts, in addition to delegating the investment management responsibility for the assets held in such Trust to Halsey Associates. In such circumstances, the following is the combined annual fee schedule for such services. The fees are shared between Washington Trust and Halsey Associates.

The annual fiduciary / management fees are as follows: (payable monthly, in arrears, based on the fair market value of the Account on the last business day of the month. The fee will be prorated based on the number of days the Account is opened during which the Account is not opened for the entire month).

On the first \$2,500,000	1.25%
On the next \$3,000,000	0.90%
On the next \$5,000,000	0.60%
On the next \$10,000,000	0.40%
On amounts over \$20,000,000	0.30%

Minimum Annual Fee: \$5,000

Additional Account Fees for Accounts held at Washington Trust:

- No transaction fees charged for the purchase or sale of Managed Mutual Fund Assets.
- Brokerage Commissions typically in the amount of \$0.06 per share will be charged for the purchase or sale of an Equity Security (i.e. ETFs, stocks) at the time of trade execution.
- Washington Trust reserves the right to charge the Client for its custodial services a fee, at the annual rate of 0.0125% of the total value of the Client's Non-Managed Assets.
- Washington Trust may charge the Client's account a fee for closing the account and transferring the assets to another custodian in an amount of no more than \$100. Fees for closing the account and transferring the Client assets will be assessed immediately prior to the transfer.

The client may terminate the Agreement at any time, in writing to the Firm, and the assets will be transferred in-kind or redeemed. If the assets are redeemed the funds will be sent to the client as per the client's written instructions. In the event an account is closed prior to the end of a billing month, the Firm will calculate and withdraw a pro-rata fee based on the number of days during the month in which the account was open.

GENERAL FEE INFORMATION

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Fees are subject to revision upon 30 days advanced written notice to the client.

Negotiability of Fees: In certain circumstances, all fees may be negotiable. We may also group certain related client accounts for the purposes of determining the annualized fee. Further, we may waive or discount advisory fees for family members and friends of the owners and employees of our Firm. These fee waivers or discounts are not generally available to all advisory clients of Halsey Associates.

Courtesy Accounts: Some clients come to Halsey Associates with various legacy holdings or assets. Upon request, we will assist a client with establishing custodial accounts to hold these assets as a courtesy, but will NOT manage these assets. These assets will, therefore, not be subject to our portfolio management fee as disclosed above in this Item.

Grandfathering of Minimum Account Requirements and Fees: Pre-existing advisory clients are subject to Halsey Associates' minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our Firm's fees and minimum account requirements will differ among clients.

Termination of the Advisory Relationship: Unless otherwise agreed, a client contract generally may be canceled by the client with at least five (5) days written notice, for any reason. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

Fund Fees: All fees paid to Halsey Associates for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs, as applicable to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or ETF directly, without our services. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. Please refer to *Item 12* of this Brochure for additional information about our brokerage practices.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Halsey Associates does not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7. Types of Clients

Halsey Associates provides its advisory services, where appropriate, to individuals, high net worth individuals, trusts, estates, charitable organizations, foundations, pension and profit sharing plans, corporations and other business entities.

As previously disclosed in *Item 5*, our Firm has established certain initial minimum account requirements and in some cases minimum fee requirements based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided for each applicable service disclosed in *Item 5* of this Brochure.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: Technical analysis involves the analysis of past market movements and the application of that analysis to the present in an attempt to recognize recurring patterns of investor behavior and to predict future price movement.

Charting and cyclical analysis are types of technical analysis that we use. Charting involves the review of charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse. Cyclical analysis involves measuring the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Asset Allocation: Rather than focusing exclusively on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Legacy Holdings: From time to time, when new clients engage Halsey Associates they may already hold interests in certain private funds or other securities and investments that they wish to retain and incorporate into the portfolios constructed and managed by Halsey Associates. Under these circumstances, these clients should note that Halsey Associates does not typically conduct detailed due diligence with respect to these legacy investments or, as applicable, their managers.

Risks Applicable to All Forms of Analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-Term Purchases: We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Options²: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives a client the right to buy an asset at a certain price within a specific period of time. We will buy a call if we believe the stock will increase substantially before the option expires.
- A put gives a client the right to sell an asset at a certain price within a specific period of time. We will buy a put if we believe that the price of the stock will fall before the option expires.

We may use options to “hedge” a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security in our client’s portfolios.

We also may use “covered calls”, in which we sell an option on a security held in our client’s portfolios. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, at a possible loss.

RISK OF LOSS

Securities investments are not guaranteed and you may lose money on your investments. Investing in securities involves risk of loss that clients should be prepared to bear. We ask that you work with us to help us understand your tolerance for risk.

² For more information regarding options, you may refer to The Options Industry Council website: <http://www.888options.com/basics/default.jsp>

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 a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Where appropriate, Halsey Associates and its employees may recommend various investment and investment-related services of Related Companies to our advisory clients. The Related Companies and their employees may also recommend the advisory services of our Firm to their clients. The Related Companies as described below are also disclosed in the Adviser's Form ADV Part 1, Schedule A and/or Schedule D, Item 7A. The services provided by the Related Companies are separate and distinct from our advisory services, and as such are rendered for separate and additional compensation. There may also be arrangements between the Adviser and these Related Companies where the Adviser and/or the Related Companies and their employees receive payment in exchange for client referrals, provided such employees are licensed appropriately. No client of the Adviser is obligated to use services of Related Companies.

Washington Trust Bancorp, Inc. / The Washington Trust Company, of Westerly

Halsey Associates' stock was purchased by Washington Trust Bancorp, Inc., a bank holding company and parent of The Washington Trust Company, of Westerly ("Washington Trust") a Rhode Island chartered bank headquartered in Westerly, Rhode Island on August 1, 2015. Halsey Associates is a wholly-owned subsidiary of Washington Trust and part of the Washington Trust Wealth Management ("WTWM") division. We may recommend certain services of Washington Trust to our clients, which may pose a conflict of interest. For example, we may recommend Washington Trust's investment services, custodial services, trust and fiduciary services, mortgage services and cash management solutions. However, various conflicts have been mitigated in instances in which the advisory clients' assets are held in custody with an independent third party qualified custodian and in certain cases with Washington Trust.

Washington Trust serves as the "Qualified Custodian" for a limited number of client funds and securities. In addition, through Washington Trust's relationship with FIS Business Systems (formerly SunGard Custody Services), Washington Trust utilizes sub-custodial services with The Bank of New York/Mellon N.A. for individual securities and ETFs, and Fidelity Brokerage Services LLC for mutual funds. The primary role of Washington Trust as the Qualified Custodian is to track and monitor all investments within the account, execute trades at the direction of the client or his/her designated representative, hold title to the funds and securities as Qualified Custodian in a separate account for each client under that client's name; or in an account that contains only the client's funds and securities, under the Adviser's name as Agent for the client. Washington Trust shall also summarize all activity in a client's account on periodic account statements to be delivered as least quarterly. At year-end, appropriate tax reporting data is accumulated and information is forwarded to clients for income tax return preparation purposes.

Halsey Associates may suggest that clients use the affiliate; Washington Trust for custody and safe keeping purposes, but the client retains the right to direct Halsey Associates to use another custodian as appropriate.

Other Affiliated Entities

Washington Trust also owns another registered investment adviser, Weston Financial Group, Inc. ("Weston"), located in Wellesley, Massachusetts. Weston and its principal executive officers provide their clients with financial planning services; investment management services; tax and estate planning; and other matters. In addition, Weston is affiliated with Weston Securities Corporation, a FINRA member broker/dealer; New Century Portfolios, a registered investment company and The Park Insurance Agency, Inc. Halsey Associates is affiliated with the foregoing companies by virtue of common ownership but does not currently conduct business with such Firms. Accordingly, we have determined the relationships do not create a material conflict of interest. Clients are under no obligation to engage the services of our affiliates.

Our Firm has no other financial industry affiliations except for those noted above. James Zoldy, President of Halsey Associates, in his separate capacity, serves on the advisory board of a privately-held company ("Private Co.") set up to provide investment management services to a privately-held, corporate client of Halsey Associates. The owners and members of Private Co. are also clients of Halsey. Private Co. has separately engaged a third-party consulting Firm to recommend advisers to provide investment management services. However, Halsey Associates neither provides investment management or other advisory services to Private Co. nor is it currently among those advisers vetted by the consulting Firm for consideration and recommendation to Private Co. or any other of the consultant's clients. Mr. Zoldy receives a modest stipend for his services to Private Co.

Conflicts of Interest

Clients should be aware that the receipt of additional compensation by the Adviser and its management persons or employees may create a conflict of interest that may impair the objectivity of our Firm and these individuals when making advisory recommendations. The Adviser endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser and as such, we take the following steps to address this conflict:

- Disclosing to clients the existence of all material conflicts of interest, including the potential for our Firm and our employees to earn compensation from advisory clients in addition to our Firm's advisory fees;
- Disclosing to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- Collecting, maintaining and documenting accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Conducting regular reviews of client accounts to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- Requiring employees to seek prior approval of any outside employment activity to ensure any conflicts of interests in such activities are properly addressed;
- Monitoring employees' outside employment activities to verify any conflicts of interest continue to be properly addressed;
- Educating all employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for investment advice provided to clients; and
- Disclosing to clients that the Firm and/or its officers may make charitable contributions to certain, but not all, charitable organizations that may also be clients of Halsey Associates, which may pose a conflict of interest.

Item 11. Code of Ethics

The Adviser has adopted a Code of Ethics (the "Code") in compliance with sections 204A and 204A-1 of the Investment Advisers Act of 1940, as amended. In addition, the Adviser adopted a Statement on Insider Trading which is reasonably designed to deter misconduct, conflicts of interest and to detect and prevent the Adviser's officers, directors and employees from trading on material non-public information, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

As noted above, the Adviser adopted a Code for all access and supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code is based on the principle that the officers, directors and employees (collectively the "Personnel") owe a fiduciary duty to the Adviser's clients and, therefore, must place the clients' interests ahead of their own. All Personnel are required to serve in the best interest of the Adviser's clients and all recommendations and decisions on behalf of the Adviser's clients shall be solely in the best interest of the clients.

The Adviser's Personnel shall perform professional services in a manner that is fair and reasonable to clients and shall disclose conflicts of interest in providing such services. Further, the Adviser provides to clients all requested information as well as other information needed for the clients to make informed investment decisions. Clients' inquiries shall be answered to the best of the Adviser's abilities in a prompt and accurate manner. Personnel shall maintain the confidentiality of all information entrusted by the Adviser's clients, to the fullest extent of the law.

As such, the Code includes provisions relating to the confidentiality of client information, a prohibition against insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Personnel of the Adviser must acknowledge the terms of the Code annually, or as amended.

The Adviser anticipates that, in appropriate circumstances, and as consistent with clients' investment objectives, it will permit the purchase or sale of securities in (i) client accounts over which the Adviser has management authority, and (ii) accounts in which the Adviser, its affiliates and/or clients, directly or indirectly, have a position of interest.

The Code was designed to assure that the personal securities transactions, activities and interests of the Adviser's Personnel will not interfere with (i) making decisions in the best interest of Advisory clients and (ii) implementing such decisions while, at the same time, allowing Personnel to invest in their own personal accounts. As such, Personnel may buy or sell securities also recommended to clients. However, to deal with any conflicts of interest, the Adviser's Personnel are not permitted to take inappropriate advantage of their positions. The Code specifies the code of conduct for certain types of personal securities transactions that might involve conflicts of interest or an appearance of impropriety, and has established reporting, pre-authorization requirements and enforcement procedures for all Personnel. In addition, the Code specifies certain Exempt Securities/Transactions that do not require pre-clearance authorization based upon a determination that trading an Exempt Security would not materially interfere with the best interest of the Adviser's clients. Employee trading is continually monitored to reasonably prevent conflicts of interest between Adviser's Personnel & clients.

The Adviser's Personnel are required to avoid any conduct which could create any actual or potential conflict of interest, and must make sure that their personal securities transactions do not in any way interfere with their clients' portfolio. Personnel are required to act with integrity, dignity, honesty, in a fiduciary capacity and maintain the highest standards of ethics in all aspects of professional conduct.

The Adviser and individuals associated with our Firm are prohibited from engaging in principal transactions (i.e., a transaction where Halsey Associates or a person associated with Halsey Associates, as principal, buys securities from, or sells securities to, a Halsey Associates client).

The Adviser's clients or prospective clients may request a copy of the Firm's Code of Ethics and Statement on Insider Trading by contacting Nicole M. Tremblay, Esq., Chief Compliance Officer via E-mail at ntremblay@halseyassociates.com.

Item 12. Brokerage Practices

As an investment advisory firm, the Adviser has a fiduciary and fundamental duty to ensure that its clients are receiving best execution from the separate account managers, advisers and/or platforms used for the purpose of investing client assets. The Adviser's primary goal is to ensure that the execution of securities transactions for clients is executed in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

The Adviser may consider for a client's account the full range and quality of a broker-dealer's services and may select such broker-dealer which furnishes it research reports, economic and financial data and relative performance of such account; however, the Adviser does not compensate any broker-dealer for such research, nor does the Adviser participate in any soft dollar arrangements. Accordingly, transactions will not always be executed at the lowest available commission but will be within a generally competitive range.

The Adviser neither participates nor compensates any brokers involved in directed brokerage arrangements. The Adviser will not compensate a broker-dealer for promoting or selling such manager's shares by directing brokerage transactions to that broker nor will it use any arrangements designed to compensate selling brokers for their sales efforts. Brokerage which is specifically directed by the client is an exception to the guidelines discussed in the above paragraph and the Adviser will not receive any non-customary commissions on these transactions.

Halsey Associates requests that it be provided in writing with the discretionary authority to determine:

- The broker-dealer to use for client transactions; and
- The commission/transaction costs that will be charged to clients for these transactions.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be submitted in writing.

Halsey Associates typically uses the brokerage services of Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab")³, for its advisory client accounts. Schwab is a FINRA⁴-member broker-dealer. Schwab provides Halsey Associates with access to its institutional trading and custody services, which are typically not available to Schwab retail investors.

³ For information regarding Schwab, please refer to their website: <https://www.schwab.com/>.

⁴ FINRA is the largest independent regulator for all securities Firms doing business in the United States. For more information, please refer to FINRA's website: <http://www.finra.org/>.

These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our Firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available other products and services that benefit Halsey Associates but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Halsey Associates. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our Firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Halsey Associates has no formal or informal soft dollar arrangements with Schwab or any other broker-dealer.

DIRECTED BROKERAGE

Many clients, when undertaking an advisory relationship, may already have a pre-established relationship with a broker and they will instruct Halsey Associates to execute all transactions through that broker. In the event that a client directs Halsey Associates to use a particular broker or dealer, it should be understood that under those circumstances Halsey Associates will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who have not directed the use of a broker-dealer).

SUMMARY OF TRADE AGGREGATION POLICY

Halsey Associates will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Halsey Associates will typically aggregate trades among clients whose accounts can be traded at a given broker. Halsey Associates block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Halsey Associates, or our Firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation could enable Halsey Associates to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to obtain "best execution" on all securities transactions for their clients. Seeking the best quality of execution, as well as the best net price is one factor reviewed. Further, this duty includes a periodic review of various other factors such as a review of the full range and quality of a broker's services, the value of research provided, if any, execution capabilities, commission rates, financial responsibilities and responsiveness.
4. Prior to entry of an aggregated order, barring unusual circumstances related to timing and security price, a written list is completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro-rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro-rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro-rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must equitably share in the commissions and transaction costs. Depending upon the custodian/broker, transaction costs may be charged as a flat,

per trade fee or be based on the number of shares traded for each client.

7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer, or her designee, no later than the morning following the execution of the aggregate trade.
8. Halsey Associates' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities, which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on Halsey Associates' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

Item 13. Review of Accounts

PORTFOLIO MANAGEMENT

Reviews: Whether engaged to provide portfolio management services through in our Tailored Portfolio Management or our Equity-Only Model Portfolio, the underlying securities within Portfolio Management accounts are continually monitored. In addition, these accounts are reviewed at least quarterly by two of our portfolio managers. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Accounts are reviewed by the following portfolio managers: James S. Zoldy, Jr.; President, Kenneth J. Julian; Executive Vice President, and/or Thomas N. Ellis, Jr.; Vice President.

Reports: In addition to the monthly statements and confirmations of transactions that clients receive directly from their broker-dealer or qualified custodian, we will typically provide quarterly performance reports with respect to the client's portfolio and may offer economic and/or financial market commentary.

PORTFOLIO CONSULTING

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted unless otherwise contracted for with the client. Such reviews will be conducted by James S. Zoldy, Jr.; President, Kenneth J. Julian; Executive Vice President, and/or Thomas N. Ellis, Jr.; Vice President.

Reports: These clients will receive reports as contracted for at the inception of the advisory engagement.

Item 14. Client Referrals and Other Compensation

Halsey Associates does not receive any additional compensation from third parties for providing investment advice to its clients. Halsey Associates does not compensate any unaffiliated person for client referrals. However, we do have an arrangement with one or more of our employees through which we have agreed to compensate such employee(s), in part, for referring advisory clients to the Firm.

Payment of fees for prospective client referrals creates a potential conflict of interest to the extent that such referrals may not be unbiased and, in making the referral the solicitor may be, at least partially, motivated by financial gain. Therefore, a referral may be made even though our advisory services may not be the most suitable for the prospective client's needs. As these situations present conflicts of interest, we have established the following controls to ensure our fiduciary responsibilities:

1. All referral fees are paid in accordance with the requirements of Rule 206(4)-3 "Solicitation Arrangements" of the Investment Advisers Act of 1940, as amended;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client; and
3. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15. Custody

As previously disclosed in *Item 5* (the Fees and Compensation section) of this Brochure, our Firm directly debits advisory fees from client accounts, as authorized. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client directly, a statement showing all transactions within the account during the reporting period. Since the custodian does not calculate the amount of the Halsey management fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients are urged to contact Halsey Associates directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these reports to the custodian's statements to ensure that all account transactions, holdings and values are correct and current.

The Adviser does not have actual or constructive custody of client accounts; however certain advisory accounts are held by Washington Trust; an affiliate / Related Party to the Firm. However, the Firm and Washington Trust continue to remain "operationally independent" of one another due to various internal controls and satisfaction of certain criteria.

Further, as noted above, Washington Trust serves as the "Qualified Custodian" and/or "Fiduciary" for certain client funds and securities. The primary role of Washington Trust as the Qualified Custodian is to track and monitor all investments within the account, execute trades at the direction of the client or his/her designated representative, hold title to the funds and securities as Qualified Custodian in a separate account for each client under that client's name; or in an account that contains only the client's funds and securities, under the Adviser's name as Agent for the client. Washington Trust shall also summarize all activity in a client's account on periodic account statements to be delivered as least quarterly. At year-end, all tax reporting data is accumulated and information is forwarded to clients for income tax return preparation purposes.

Item 16. Investment Discretion

Clients may contractually retain the Adviser to provide discretionary portfolio management services, thus granting the Adviser a limited power of attorney to place trades in a client's account. Where we have been provided investment discretion, we place trades in a client's account without obtaining specific client permission prior to each trade. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the timing to buy or sell;
- Determine the amount of the security to buy or sell;
- Determine the broker-dealer to use for client transactions; and/or
- Determine the commission/transaction costs that will be charged to clients for these transactions.

Clients give us discretionary authority when they sign a discretionary advisory agreement with our Firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Portfolio management clients who have not granted such discretionary authority to Halsey Associates are advised that trades in their accounts will typically be executed after comparable trades effected in discretionary accounts due to the time involved in obtaining the requisite client approval. Consequently, these clients may not participate in blocked trades and there may be a difference in the price paid per share of a given security and the commission rates paid by these clients as compared to other clients.

Item 17. Voting Client Securities

Under Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended, investment advisers that vote proxies for clients are required to adopt and implement policies and procedures for voting proxies in the best interest of clients, to describe the procedures to clients and to tell the clients how they may obtain information about how the Adviser voted.

The Adviser adopted Proxy Voting Policies and Procedures which are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. Further, the Adviser will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document that was material to deciding how to vote proxies, and a copy of each written client request for information on how the Adviser voted proxies. The Adviser reserves the right to delegate the voting authority to a Third Party Service Provider.

The Adviser is responsible for voting proxies related to securities that are managed for the Adviser's clients to whom we have accepted proxy voting responsibility in writing and if the proxy statement has been received in good order prior to the meeting date. Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may choose to receive and vote proxies related to their own accounts. In these circumstances, we will consult with clients regarding the proxy vote upon request. With respect to ERISA accounts, we will not vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

To direct us to vote a proxy in a particular manner, clients should contact our office by telephone, electronic mail, or in writing. When we have discretion to vote proxies for our clients, we will vote those proxies in the best interests of our clients and in accordance with our established policies and procedures. If our Firm has a conflict of interest in voting a particular action, we will notify clients of the conflict and obtain client consent before voting the proxy.

The Adviser will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

The Adviser's Proxy Voting Policies and Procedures include guidelines that set forth how the Adviser will generally vote on a number of significant proxy proposals. The decisions may also depend upon the particular facts and circumstances of each proxy vote. The Adviser maintains copies of proxies and a record of how they were voted so that the Adviser may respond to any questions.

Clients may obtain a copy of the Adviser's complete Proxy Voting Policies and Procedures or how the Adviser voted proxies on behalf of their account(s) upon written request to Nicole M. Tremblay, Chief Compliance Officer at ntremblay@washtrust.com.

Item 18. Financial Information

Registered investment advisers are required in this *Item* to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. In addition, the Adviser does not require or solicit payment of fees more than six months in advance of services rendered.