

# SLATESTONE WEALTH, LLC

## Firm Brochure (Part 2A of Form ADV)

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SlateStone Wealth, LLC  
11360 North Jog Road, Suite 102  
Palm Beach Gardens, FL 33418

561.224-2504

[www.SlateStoneWealth.com](http://www.SlateStoneWealth.com)

This brochure provides important information about the qualifications, services and business practices of SlateStone Wealth, LLC (“SlateStone” or “Firm”). If you have any questions about the contents of this Brochure, please contact, Sharon Daniels, Chief Executive Officer and Chief Compliance Officer, at 561-224-2504 or [Compliance@SlateStoneWealth.com](mailto:Compliance@SlateStoneWealth.com).

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. Furthermore, references within this Brochure to SlateStone Wealth, LLC as a “registered investment adviser” or any reference to “registered” does not imply a certain level of skill or training.

Additional information about SlateStone is also available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number for SlateStone is #286669.

## Item 2 – Material Changes

SlateStone Wealth, LLC is a newly formed organization seeking initial SEC registration. Patrick Tylander, co-founder and Chief Financial Officer, and Sharon A. Daniels, co-founder and Chief Executive Officer have decades of experience in the financial industry.

A summary of any material changes to our brochure will be made by March 31st of each year. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of our last annual update of our brochure.

## Item 3 - Table of Contents

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## Item 4 - Advisory Services

### Description of Firm

SlateStone Wealth is in the process of registering as an Investment Adviser, but our investment advisory and wealth management roots run deep. Our principals, Mr. Tylander and Ms. Daniels, are investment industry veterans with decades of experience upholding a fiduciary standard and providing transparency into the wealth management process. Utilizing their extensive acquisition, operational and integration skills, they consulted independent advisers who were seeking more flexible solutions to meet client wealth management needs as a precursor to creating SlateStone. The result of those efforts defines SlateStone Wealth. Our mission is to cater to clients seeking high-touch services across a spectrum of needs that may be encountered over a lifetime. SlateStone provides a suite of specialized services combined with a defined and robust approach to understanding the emotional ties clients attach to their money well beyond investment goals for growth and preservation. What matters most is creating a deeply-rooted relationship built on a balance between the client, the adviser, the financial plan and the investment plan that instills a greater sense of confidence that goals are achievable.

### Principal Owners

SlateStone's principal owner is Jeta Grove Partners, LLC, a domestic limited liability company established in the State of Florida. Jeta Grove Partners, LLC is solely-owned by its two members Patrick E. Tylander and Sharon A. Daniels.

Sharon ("Sherri") A. Daniels' professional investment and wealth management experience spans over 25 years of executive level leadership. Ms. Daniels is the co-founder, Chief Executive Officer and Chief Compliance Officer of SlateStone Wealth, LLC. Prior to co-founding SlateStone Wealth, Ms. Daniels was Chief Operating Officer and Executive Vice President at Boston Private Wealth Management which acquired Banyan Partners LLC in 2014 and combined to form a \$9 billion wealth management entity. At Banyan, Ms. Daniels was Chief Operating Officer, Executive Vice President and Principal responsible for strategic planning, client development and marketing while overseeing day-to-day business activities including overall operations, marketing, and compliance. Through both organic growth and strategic acquisitions, Banyan Partners grew to over \$4.5 billion over a five-year period until its acquisition by Boston Private. Ms. Daniels's skills helped drive significant asset growth and build a national brand for Banyan unique in the independent advisory space. Prior to Banyan, Ms. Daniels was the former president of Weiss Capital Management, a Florida-based adviser acquired by Banyan in January 2011. While at Weiss, from 1990 – 2011, Ms. Daniels simultaneously served as president of three separate investment services firms – an independent investment adviser, a broker-dealer, and an investment company -- with direct oversight of clients, employees and strategic business initiatives.

Patrick E. Tylander has 15 years of corporate business management. His experience in investment and banking leadership have contributed to significant growth and success over the years. At SlateStone Wealth, Mr. Tylander is responsible for the execution of the firm's financial and strategic business initiatives as Chief Financial Officer and co-founder. Prior to SlateStone, Mr. Tylander was Chief Financial Officer of Boston Private Wealth Management following the acquisition of Banyan Partners, LLC in October 2014. While at Banyan Partners, as Chief Financial Officer, Mr. Tylander was instrumental in the firm's strategic growth specializing in mergers and acquisitions, legal engagement, and financial and technical operations. During his tenure, Banyan acquired seven independent investment advisers between 2009 – 2014, growing from \$30 million in assets to \$4.5 billion. As a member of Banyan's Board of Directors, he closely collaborated with the Chairman and CEO, helping to lead the firm's dynamic national expansion which eventually led to its sale to Boston Private.

While at Banyan, Mr. Tylander and Ms. Daniels shared direct responsibility for financial and operational integration of acquired firms spanning Southeast, Northeast, South and West Coast regions. Through mutual collaboration and management of business operations/technology, investment operations and financial oversight, Mr. Tylander and Ms. Daniels led not only day-to-day operations but the cultural and business integration resulting from the firm's M&A activities allowing for the efficient scalability of the expanding infrastructure.

Milagros Kleiner (Millie) is a co-founder of SlateStone Wealth and holds the positions of Director of Operations and Compliance Officer. Ms. Kleiner has over 25 years of experience in the financial services industry. Ms. Kleiner previously worked at Banyan Partners where she served as Director of Operations and prior to that Chief Compliance Officer. Her broad knowledge base of the investment services industry and regulatory oversight bring value to the client experience. Following the acquisition of Banyan Partners by Boston Private, Ms. Kleiner oversaw client operations and human resources for the combined firm reporting directly to Ms. Daniels. During Banyan's acquisition period, Ms. Kleiner's role included that of Chief Compliance Officer, Director of Operations and responsibility for human resources and employee engagement. Prior to joining Banyan, Ms. Kleiner handled the business operations for Oaktree Asset Management, an Investment Advisory Firm, in New York which was acquired by Banyan in 2009. From 1987-1998, Ms. Kleiner held several management roles at JPMorgan Chase including the Transition Team of the Mergers and Acquisitions Department, overseeing the integration of processes and products at individual branches during the Chase/Chemical merger. Ms. Kleiner holds a Masters of Finance degree from St. John's University and completed her Bachelor of Science at Adelphi University.

### Mutual Engagement with Clients

At SlateStone, every client receives personalized service designed with a long-term perspective that integrates standard financial planning elements with a disciplined investment process. Our purpose is to help clients gain a sense of comfort and confidence that their financial objectives are achievable. In upholding a fiduciary

standard, we place our client's interests first and this standard guides us as we deliver unbiased advice and an authentic experience to our clients.

#### General Description of Advisory Services

**Wealth Management Services.** SlateStone offers a comprehensive set of wealth advisory services and dedicated resources designed to respond to the unique needs of our clients. SlateStone gathers financial information from the client including financial situation, investment objectives and risk tolerance, and tax status and determines any other financial needs and goals. As part of its wealth management services, a SlateStone investment adviser will help the client select an appropriate investment strategy by explaining the various risk levels and assisting the client in completing a client profile which provides the firm with details including annual income, net worth, and long-term goals and objectives. SlateStone will then explain the investing options that are available and explain the monitoring and rebalancing of your asset allocation strategy. Investment choices include Strategic Portfolio Management Services comprised of mutual fund asset allocation strategies, model portfolios, and third-party investment advisers, as well as Custom Advisory Services.

We service primarily individuals and families who have in excess of \$500 thousand of investable assets. The majority of SlateStone's clients receive discretionary investment advisory services on a *fee-only* basis. Discretionary means you give us written authorization to make investment decisions on your behalf.

SlateStone will make all decisions to buy, sell or hold securities or other investments, including cash, in your account and/or allocate assets in a manner deemed appropriate to meet your investment objectives pursuant to the terms of the Investment Management Agreement ("IMA"). SlateStone invests on behalf of its clients primarily in securities that are publicly traded. We supervise client portfolios proactively and will buy and sell positions or rebalance holdings when we believe it is appropriate to help objectives and/or to limit risk.

**Strategic Portfolio Management Services.** We offer comprehensive investment advisory services in the form of Strategic Portfolio Management Services which includes investment portfolio design and implementation, tax efficient management and reporting plus ongoing and continuous oversight of client accounts. When advising on and constructing client portfolios, the firm will typically utilize equity and bond related ETFs, and mutual funds to build a diversified portfolio. Within this framework, we may advise a client utilize a mutual fund asset allocation strategy, model portfolios or the use of an external, third-party manager. Depending on the client's objectives, the firm allocates primarily for results over time however, we will also employ short term, tactical moves to protect from downside market conditions. Tactical moves may include the use of specialized funds or ETFs over the shorter term or increasing cash as deemed appropriate based on client risk tolerance and short and long term objectives. Where appropriate, and in our Customized Advisory Services which are tailored for clients who have special circumstances or restrictions, we may employ other strategies.

**Custom Advisory Services.** For those clients with greater than \$1 million in investable assets and who have special situations or investment restrictions, SlateStone offers individually tailored and customized strategies. These situations may involve special tax considerations, concentrated or low-basis stock positions, inheritance issues, or closely held businesses. SlateStone's investment professionals will determine through an in-depth review with the client an appropriate plan of action to meet the client's unique circumstances. Our customized platform includes asset allocation, and portfolio construction and typically uses individual equity and fixed income securities, options strategies and, where suitable, access to alternative investments in hedge funds, private equity, and real estate.

SlateStone's Custom Advisory Services may utilize internally managed asset allocation strategies alongside or in combination with individual equities and bonds to create a blended and diversified portfolio to achieve overall client objectives based upon suitability. These services also include a comprehensive review of existing assets to ensure a streamlined and tax efficient transition of the client's assets and/or securities to meet an appropriate asset allocation aligned to individual investment objectives.

Furthermore, SlateStone may choose to select an outside independent manager skilled in specialized management strategies (options, alternatives, real estate, etc.) where deemed appropriate to meet specific needs of clients including those with concentrated positions.

**Financial Planning Services.** SlateStone provides standard financial planning services as part of its overall wealth management services. As part of our financial planning process, we provide clients with advice and information required to make informed decisions about their entire financial plan or components of their plan. Our financial planning and investment advisory team works closely with your CPA and Estate Attorney and utilizes outside counsel when appropriate to provide specific guidance and develop tax and wealth management strategies. These services include analysis and strategy, budgeting and cash flow planning, and retirement planning.

**Customized Financial Planning.** SlateStone's financial planning platform is flexible to best serve a wide-range of client needs. We provide for the customization of our offering and the services provided to meet the unique goals and objectives of each of our clients. In those situations where a customized financial plan is required, including services such as strategic income and tax planning and preparation, legacy/estate planning, and document review and monitoring, SlateStone may charge either a flat or hourly rate for its Customized Financial Planning Services and may also utilize outside specialized resources and professionals.

**External Managers.** SlateStone's discretionary authority includes the ability to select external independent managers as sub-advisers to manage client assets based on specific criteria and internal due diligence. The sub-adviser shall be authorized to buy, sell and trade in securities in accordance with client investment objectives as communicated by SlateStone. SlateStone is authorized to terminate or change

independent managers when, in our sole discretion, we believe such a termination or change is in our clients' best interests.

Information describing our minimum Account sizes and our investment management fees is outlined in Item 5 of this Brochure. SlateStone may grant exceptions to minimum requirements for pre-existing clients, related households, or on a pre-approved basis only.

## Item 5 – Fees and Compensation

### General Terms

SlateStone enters into a written Investment Management Agreement (“IMA”) with each client prior to providing services. The IMA describes the scope of SlateStone’s services and how we calculate and charge our fees.

We assess fees in the following ways:

- For Strategic Portfolio Management Services and Customized Advisory Services, we charge a percentage-based fee calculated as a percentage of the market value of the assets in your account.
- For Customized Financial Planning Services, we may charge either a flat fee or an hourly fee depending on the scope of the planning services required.

### Automatic Fee Deduction/Billing

The percentage-based management fee is billed and computed quarterly in advance based on the total value of the account at the end of each quarter as valued by your custodian.

All management fees are charged to and deducted from the appropriate brokerage account or other custodian account, unless otherwise specifically arranged with the client. Account statements provided by your custodian will show all transactions and positions in your account, including the amount of our fees. It is the responsibility of the client, not the custodian, to verify that the advisory fee being applied to a client’s account is correct.

If a client does not want fees deducted directly from the account or desires to pay fees from another account or by invoice, management has sole discretion to bill fees separately and not take from the account. In all events, if the client is ever more than 60 days delinquent on paying any portion of fees due, the client authorizes SlateStone to take such fees directly from the account (even in the case of a retirement account). In certain unique relationships, the terms for fees and billing may differ from those described herewith, typically for Accounts managed with a cash reserve strategy, which may be opened by a client in anticipation of being invested at a later date.



Unless otherwise stated, SlateStone's management fees do not cover or include brokerage commissions; transaction costs or other related expenses (see Additional Fees and Expenses not paid to SlateStone, below).

The management fees for Strategic Portfolio Management Services and Customized Advisory Services are provided below.

#### Standard Management Fee Schedule

<b>Strategic Portfolio Management Service</b>	<b>Total Assets</b>	<b>Annual Advisory Fee as % of Total Assets</b>
	<u>\$500,000 to \$750,000</u>	<u>1.25%</u>
	<u>\$750,000 to \$1,000,000</u>	<u>1.10%</u>
	<u>\$1,000,000 to \$2,000,000</u>	<u>0.85%</u>
	<u>\$2,000,000 to \$5,000,000</u>	<u>0.75%</u>
	<u>\$5,000,000 to \$10,000,000</u>	<u>0.60%</u>
	<u>\$10,000,000 and above</u>	<u>Negotiable</u>

Accounts established with less than \$500,000 are at the sole discretion of SlateStone and annual advisory fees range from 1.50% to 1.40% depending on total assets and investment service.

<b>Customized Advisory Services</b>	<b>Total Assets</b>	<b>Annual Advisory Fees as % of Total Assets</b>
	On the first \$1,000,000	1.10%
	On the next \$1,500,000	0.90%
	On the next \$5,000,000	0.75%
	On the next \$2,500,000	0.60%
	\$10,000,000 and above	Negotiable

Fees for Customized Financial Planning will be charged either on a flat fee or on an hourly basis and will be negotiated with the client before entering into a Customized Financial Planning Agreement.

#### Cancellation Process, Accrued Fees & Refunds

A client may terminate an Account or the full relationship at any time or may change an account objective on notification to SlateStone. You shall have five (5) business days from the date of execution of the Agreement to terminate services for a full refund.

SlateStone requires a written notice of termination. Upon such notice, SlateStone will cease making investment decisions and implement any reasonable written instructions

that are provided. The account can be closed and funds withdrawn only after any open trades have been settled. Upon termination of an Account, SlateStone will refund any pre-paid management fees, pro-rated to the date of termination. The client refund amount will be either credited to the Account or paid by check to the Account holder.

A one-time fee of \$1,000 to cover Account set-up expenses and advisory services will apply if the client terminates the Account within 180 days. This fee can be deducted from any reimbursement owed to the client for pre-paid fees.

### Additional Fees and Expenses

**Mutual Fund and ETF Management Fees.** Accounts invested in mutual funds and exchange-traded funds generally also pay, indirectly, investment advisory fees to the managers of those funds. As such, client accounts with investments in those types of securities will be subject to two layers of management fees. An explanation of the fees and expenses paid by each mutual fund is contained in that mutual fund's prospectus.

**Mutual Fund transaction fees.** Depending on the custodian, SlateStone may be able to purchase and sell mutual funds with no transaction fees. Note that clients who do not trade through specific custodians may not be eligible for these waived transaction fees. Fees may be imposed upon early redemption, if the fund was owned prior to our management or if we sell the fund at our discretion. An explanation of fees and expenses charged by each mutual fund is contained in that fund's prospectus.

**Brokerage Fees.** Certain of SlateStone investment strategies cover brokerage fees and commissions and others do not. Depending on the strategy being managed, SlateStone's fees include brokerage commissions, transaction fees, exchange fees, SEC fees and other related trading costs and expenses. Check with a SlateStone investment adviser to determine if the fee includes the cost of trading.

The following is a list of additional fees and expenses that may be directly billed or assumed proportionately by you and third parties:

Custodial fees, transfer taxes, odd-lot differentials, margin interest, deferred sales charges (on mutual funds or annuities), wire transfer and electronic fund processing fees, advisory fees and administrative fees charged by mutual funds and exchange traded funds (ETFs). The fees listed above are charged by and paid to a broker-dealer, custodian, mutual fund company, or annuity issuer, as applicable. We do not directly or indirectly share or receive any portion of these fees.

**External Account Manager Fees.** If SlateStone engages an external account manager to manage a client's assets, the client may be responsible for paying all fees charged by the external account manager on those assets in addition to SlateStone's Strategic Portfolio Management and Customized Advisory fee. SlateStone will obtain written consent from the client for outside manager fees.

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

SlateStone manages only Accounts that pay percentage-based management fees as described in Item 5. We do not currently offer or manage Accounts that pay performance-based compensation.

## Item 7 – Types of Clients

SlateStone provides investment advisory and wealth management services to a wide variety of clients including: individuals; trusts, estates and charitable organizations; corporations or other business entities; not-for-profit entities, including foundations; Retirement and profit sharing plans such as IRAs and 401(k) accounts.

SlateStone typically prefers Accounts with a minimum of \$500,000 or more and for Customized Advisory Services or specialized strategies a minimum of \$1,000,000 or more. Requirements for opening an account are disclosed on our Annual Fee Schedule, under Item 5, Fees and Compensation. SlateStone may waive minimums at its sole discretion.

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

### Methods of Analysis

SlateStone's research department makes available to its professional advisory team certain information which includes recommendations on mutual funds, ETFs, variable annuity sub-accounts, equities and fixed income securities, alternatives and the use of external managers. SlateStone's research is used by its investment professionals to then tailor a model asset allocation portfolio to a client's specific needs, circumstances and objectives. The firm's research department uses fundamental, quantitative and technical analysis in evaluating securities. Fundamental analysis involves looking at economic, financial and other qualitative and quantitative factors in an effort to measure a security's value.

We may use various financial databases and tools such as Morningstar's Direct, NATIXIS as well as Bloomberg Professional and Value Line's Investment Analyzer. We also use other commercially available technology, including research provided by custodians, financial periodicals and other publications, SEC filings, and financial statements to assist with our analysis. In certain instances, we may use outside consultants to provide expertise in particular areas or for more in-depth analysis.

**Mutual Funds and ETF's.** SlateStone evaluates, selects and monitors mutual funds and ETF's across multiple asset classes and investment styles. SlateStone's investment

selection process for mutual funds begins by screening potential funds using various industry sources. The firm uses specific criteria to determine the overall investment merit of a particular fund focusing on the fund's historical performance in both bull and bear markets, current performance, fund purpose and sector, price volatility, standard deviation, the fund's returns over a specific period of time, and overall management stability and integrity.

SlateStone's research conducts a thorough review process to select external manager strategies and runs portfolio analytics and reviews proprietary research along with fundamental and historical pricing and relative pricing. This review includes quantitative and qualitative analyses which may include direct discussion with fund management to assess each manager's likelihood of generating future returns as well as to measure the risks associated with the generation of those returns. The research team monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The ongoing screening process is also designed to uncover new external investment strategies that may be utilized for SlateStone's clients.

SlateStone's investment process for exchange traded funds (ETFs) is based upon a quantitative methodology to choose ETFs that represent specific industry sectors, baskets of regional and international stocks, fixed-income instruments and commodities. By analyzing ETF data, our portfolio managers seek to identify ETFs that appear to be under accumulation by investors, particularly institutions, early in a trend, and those that appear to be out of favor.

Our process for individual equities includes analysis of balance sheets and income statements, business activities, news and industry developments, as well as a review of available research from various sources. We also may use technical analysis, chart analysis, and chart interpretation. These three approaches use statistics generated by market activity, such as past price and volume, as indicators of potential future activity. Finally, we consider psychological factors in making decisions to purchase or sell securities.

### Strategic Portfolio Management Service

As part of the Strategic Portfolio Management Service, SlateStone has developed and uses model asset allocation strategies and processes in managing clients' portfolios. These model strategies may be combined, as appropriate, for each client's personal financial condition and investment objectives. SlateStone offers five model Asset Allocation strategies:

Income with Capital Preservation  
Income with Moderate Growth  
Growth with Income

Growth  
Aggressive Growth

Composition of the above portfolios based upon market conditions may include at varying percentage allocations the following asset classes:

- Equities including domestic, global, international, large, mid-cap and small cap, sector and diversified funds
- Fixed income including short and long-term high quality, mortgage back, strategic income, bank loans
- Alternatives including long/short, tactical, hedging and cash

In certain sized portfolios and based upon client objectives and suitability, structured notes may be utilized as well.

Accounts managed in SlateStone's Model Asset Allocation strategies and portfolios under \$1 million in size are designed to meet the specific needs of a common group of clients.

## Risk of Loss

All investments involve the risk of loss of your principal (invested amount) and any profits that have not been realized (the securities have not been sold to "lock in" the profit). Markets can be volatile and prices of stocks, bonds, and other investments can fluctuate substantially over time. Other factors such as economic and political events also can affect the performance of your investments. There is no guarantee that you will not lose money or that you will meet your investment objectives. We encourage you to discuss any questions with us that may arise regarding our investment philosophy and your portfolios throughout the course of our relationship.

Listed below are some potential risks with any investment:

**Market Risk.** A decline in the stock market could depress the prices of stocks and other equity securities in a client's portfolio.

**Interest Rate Risk.** An increase in interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

**Event Risk.** An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The issuer could become unable to handle its debt service, or receive a downgraded credit rating by a rating agency.

**Liquidity Risk.** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

**Political Risk:** The events that occur in the home country of the foreign company may impact valuations. Events such as revolutions, nationalization, currency collapse or other types of events can have a negative impact on the security.

**Inflation Risk:** Inflation is a general upward movement of prices reducing your purchasing power, which is a risk for investors receiving a fixed rate of interest. The concern for individuals is that inflation will erode returns.

Some of our investment strategies require that you maintain a margin account. Clients who purchase securities may pay for them in full or may borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with clients to determine if it is appropriate.

## Item 9 – Disciplinary Information

Neither SlateStone Wealth nor any of its employees have any disciplinary matters to disclose regarding its advisory business or the integrity of its management.

## Item 10 – Other Financial Industry Activities and Affiliations

SlateStone Wealth LLC is an independent investment advisory firm and is not affiliated with a securities broker-dealer, futures commission merchant, or investment company. Certain SlateStone employees may serve on corporate boards; however, such board participation requires approval by SlateStone's CEO and does not create any material conflict for SlateStone or the employee/principals involved.

## Item 11 – Code of Ethics

Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act") requires all investment advisers to establish, maintain and enforce a Code of Ethics. Accordingly, the Act places a fiduciary standard on the adviser to act in the best interest of each client.

SlateStone has adopted a Code of Ethics designed to identify and mitigate conflicts of interest. All employees are considered "Access Persons" of the Firm. Access Persons are individuals who may have access to nonpublic information, or regarding our investment strategies and advice. All of our employees are subject to this Code and are expected to comply with applicable laws, exhibit high ethical standards and to place clients' interests first. The fiduciary duty of an adviser and its representatives is a core principle underlying the adviser's Code of Ethics and sets out the responsibility of the adviser to place the interests of clients ahead of its own.

SlateStone employees are required to report all personal securities transactions except for transactions in: U.S. government obligations; Money market funds; Bankers acceptances; Bank CDs; Commercial paper; High quality short-term debt instruments; shares issued by money market funds, open end mutual funds registered in the US and shares issued by unit investment trusts that are exclusively invested in open-end mutual funds registered in the US. Our Chief Compliance Officer or designee is responsible for reviewing these transactions and holdings.

SlateStone employees may invest in the same securities that SlateStone recommends to its clients. All such transactions are reviewed by SlateStone's compliance department and if such transactions are permitted, it is because SlateStone believes that such transactions do not present a conflict of interest considering the markets and liquidity for the securities traded. Any employee transaction in securities that would be deemed to create a conflict of interest with clients and/or client accounts would require prior approval.

Our Code of Ethics also provides that our employees may not serve on the board of directors of any public company, including mutual fund boards of trustees without approval. Employees must obtain prior written permission to serve as a trustee on a client account other than the account of a family member or to serve as a trustee or a board member for any charity or not for profit entity. If such service is approved, it is because it does not create any conflict of interest.

You may request a complete copy of our Code of Ethics by contacting us at the address, telephone or email address on the cover page of this Brochure.

## Item 12 – Brokerage Practices

Brokerage fees for trades executed through clients' custodians and other broker-dealers may vary depending on the qualified custodian where the account is custody. There may be specific terms, fees, or commission schedules associated with trading with qualified custodians' affiliated broker-dealers.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. In making this assessment, the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness are considered. Certain custodians have programs that allow us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

### Client Directed Brokerage

Certain clients may direct SlateStone to use a particular broker dealer who has an existing relationship with or provides custodial or other services to a client. SlateStone requires any directed brokerage instructions to be in writing. Before choosing to enter

into a directed brokerage arrangement, clients should be aware of the following disadvantages:

Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.

Directed brokerage accounts may not be able to participate in aggregated or block transactions with other clients. This may preclude directed brokerage accounts from obtaining more favorable terms that might be available from aggregated transactions

As a registered investment adviser, we have a duty of best execution to our clients. Accordingly, we retain the right to decline your request for directed brokerage if, in our sole discretion, we determine it would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

### Trade Aggregation & Order Handling

As previously noted, we manage model asset allocation strategies and customized portfolios. Clients in our asset allocation strategies hold the same securities. Clients with customized portfolios may or may not hold the same securities. We block or aggregate orders when buying and selling securities held in our asset allocation strategies and distribute or allocate the shares to the respective clients' accounts. We may block or aggregate orders with each custodian, resulting in several block trades in one security at one time. This practice may result in more favorable pricing than would occur with individual trades. When securities are distributed to more than one client, the execution price will be the average of the price of the securities within each block. This will result in the same trade price for all clients within the block, but there can be differences between accounts due to commission charges, which often are related to the number of shares allocated.

Securities purchased or sold in a block transaction are allocated pro rata, when possible, to the participating client accounts in proportion to the size of the order for their respective accounts. In all cases, we distribute the securities equitably across the accounts. If circumstances are such that it is impractical for us to allocate a small number of securities across accounts then we may allocate in a manner that we believe is fair to all clients.

Generally, we place trades on a client-by-client basis for our customized portfolios unless we decide to purchase or sell the same securities for several clients at approximately the same time. In these instances, we may, but are not obligated to, block these orders to obtain best execution, or to allocate equitably differences in prices and commission among our clients if the trades had been placed separately. Like our process with the asset allocation strategies, we average the price of the transaction and allocate the positions on a pro-rata basis across the participating clients' accounts. SlateStone does not receive any additional compensation as a result of aggregating or blocking trades.



## Item 13 – Review of Accounts

SlateStone strongly believes that ongoing client account reviews are an integral part of a proactive investment advisory process. The firm has developed a process to conduct regular client portfolio reviews and ongoing monitoring of client accounts.

SlateStone's investment adviser representatives supported by the portfolio management team are responsible for clients' investment plans and positioning of accounts based on market conditions and risk tolerances. In addition to our ongoing monitoring of managed clients, the investment adviser representatives will review client portfolios at least annually or more frequently based on a determination with individual clients. Part of the review process includes a careful review of the asset allocation to determine it is in line with stated objectives and is being managed in accordance with SlateStone's stated strategy objective, policies and procedures.

SlateStone's Operations Team is responsible for compiling new account paperwork with the investment adviser representative's involvement. The operations team will review new account paperwork at the beginning of this relationship to ensure that we have obtained all the appropriate documents required to manage the accounts including, objectives, and risk profile.

SlateStone's Chief Operating Officer or Chief Investment Officer or his or her designee will also conduct a review of the services selected and the suitability of those selections based on the information provided as part of the new account documentation. At a minimum, accounts are reviewed by senior management on an annual basis to ensure that current investments remain consistent with stated objectives. Significant changes in the market, as well as any changes in a client's financial circumstances that have been communicated to SlateStone, may also trigger a more frequent review of client portfolios. Furthermore, client accounts are reviewed when a major event or shift in market conditions are likely to impact holdings.

Financial planning services clients are reviewed by our financial planning team on an "as needed" or pre-decided basis. We may provide these clients with summaries of our analyses and related conclusions as well as special reports that we mutually agree are necessary. We encourage our clients to discuss their needs, goals and objectives and keep us informed of any material changes.

## Item 14 – Client Referrals and Other Compensation

### Third Party Solicitors

SlateStone has a policy that allows us to accept clients referred by unaffiliated solicitors and to pay these solicitors a percentage of our collected investment advisory fees without any additional charge to the client. This arrangement is not exclusive between

SlateStone and the solicitors and we may accept or reject any prospective client. We require each solicitor to disclose its relationship with SlateStone as well as our compensation arrangement in writing to the client and SlateStone complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

## Item 15 – Custody

SlateStone Wealth does not maintain direct custody or possession of client funds or securities; they are held at unaffiliated and qualified custodians.

## Item 16 – Investment Discretion

SlateStone accepts discretionary authority to manage securities Accounts on behalf of clients. This authority is granted to SlateStone through the execution of an Investment Management Agreement (“IMA”) between the Client and SlateStone. SlateStone will not commence management of an account without receiving a properly executed Agreement from the client. Clients must also advise SlateStone of their investment objectives for the Account, any changes or modifications to those objectives as well as any reasonable restrictions on their accounts such as specific investment selections and sectors. However, SlateStone may choose not to advise a client whose investment objectives or restrictions may be considered incompatible with our investment philosophy or approach.

If at any time, a client considers any investment recommended and made for the Account to violate such objectives or restrictions, the client should promptly inform SlateStone in writing. A client reserves the right to notify SlateStone when not to invest any fund's in the client Account or in any specific securities or categories of securities.

### Class Action Suits

The client (or client's agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in the client's account. We will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client accounts. Separate account managers selected by us are not required to, but may, participate in class action settlements on behalf of clients for the assets under their management.

## Item 17 – Voting Client Securities

Unless we agree in writing, we will not be responsible for voting client proxies. Clients authorize and direct us to instruct the Custodian to forward copies of all proxies and shareholder communications relating to the Assets to the client.

SlateStone may, but is not required, to authorize external separate account managers to vote any proxies relating to the sub-advised assets in accordance with the external separate account manager's proxy voting policy.

## Item 18 – Financial Information

This item is currently not applicable to SlateStone Wealth, LLC.