

# SlateStone

## — W E A L T H —

Firm Brochure

(Part 2A of Form ADV)

March 28, 2018

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This brochure provides information about the qualifications and business practices of SlateStone Wealth, LLC. If you have any questions about the contents of this brochure, please contact Sharon Daniels, Chief Executive Officer or Milagros Kleiner, Chief Compliance Officer, at 561-244-2504 or [Compliance@SlateStoneWealth.com](mailto:Compliance@SlateStoneWealth.com).

# Item 1 – Cover Page

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SlateStone Wealth, LLC is a registered investment adviser with the United States Securities & Exchange Commission (“SEC”). 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. Likewise, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about SlateStone Wealth, LLC is also available on the SEC’s Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number for SlateStone is #286669. You will be able to view Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

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This updating amendment to our firm brochure (previously dated June 2017) and brochure supplements, discloses addition of our Texas branch office, as well as staff additions.

Effective in December 2017, we hired Jason Rasmussen, CFP and Glenn Koehl, CFP, previously with Capital Markets IQ, LLC (Surety Wealth Management).

Mr. Rasmussen has over 25 years of financial industry experience. Prior to founding Surety, he served as a Regional Vice President at Fidelity Investments as Retirement Consultant. Refer to his ADV Supplement for more details.

Mr. Koehl brings 25 years of experience as an advisor and consultant with investment management and retirement planning. Refer to his ADV Supplement for more details.

A summary of any material changes to our brochure will be made annually by March 31 as required by the United States Securities and Exchange Commission. We may also provide updated disclosure information about material changes on a more frequent basis. Any summary of changes will include the date of the last update of our brochure.

# Item 3 - Table of Contents

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## Item 4 - Advisory Services

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### Description of Firm

SlateStone Wealth, LLC (“SlateStone”), is a limited liability company formed pursuant to Florida law. The firm’s corporate headquarters are located in Jupiter, Florida and regional offices are located in Boca Raton, Florida, Southlake, TX and Manhasset, New York.

SlateStone’s principal partner/owners are 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 partners Patrick E. Tylander and Sharon A. (“Sherri”) Daniels. In addition, Eyal (“Alan”) Galinsky and Milagros (“Millie”) Kleiner as individuals are Partners in SlateStone Wealth, LLC.

SlateStone’s investment advisory and wealth management roots run deep. Our principal owners, Mr. Tylander, Ms. Daniels, Mr. Galinsky, Ms. Kleiner are investment industry veterans each of whom have decades of experience upholding a fiduciary standard and providing transparency into the wealth management process.

Our firm caters to clients seeking high-touch services across a spectrum of financial needs that may be encountered over generations. 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 advisor, the financial plan and the investment plan that instills a greater sense of confidence that goals are achievable.

### Principal Partners

Sharon (“Sherri”) A. Daniels’ professional investment and wealth management experience spans over 30 years of executive level leadership. Ms. Daniels is the co-founder and Chief Executive Officer of SlateStone Wealth, LLC. Prior to 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 with nationwide reach. 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 Financial Holdings.

During her tenure, Ms. Daniels's skills helped drive significant asset growth – both organically and inorganically -- and built 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 registered investment adviser, a broker-dealer, and an investment company -- with direct oversight of clients, employees and strategic business initiatives resulting in a firm servicing over 800 clients representing over \$600 million in assets.

Patrick E. Tylander has 15 years' experience in corporate business management. His investment and banking leadership have contributed to significant growth and success of the firm's he has been employed by. 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 co-founding 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 Financial Holdings.

While at Banyan, Mr. Tylander and Ms. Daniels shared direct responsibility for financial and operational integration of all acquired firms spanning Southeast, Northeast, South and West Coast regions and with continued management and oversight across seven regional offices employing over 100 employees. Through mutual collaboration and management of business operations/technology, portfolio and client service 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 partner of SlateStone Wealth and holds the position of Chief Compliance Officer. Ms. Kleiner has over 25 years of experience in the financial services industry. Ms. Kleiner previously worked at Banyan Partners, LLC 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. 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 and was part of 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.

Eyal ("Alan") Galinsky is a partner of SlateStone Wealth and holds the positions of Executive Managing Director and Senior Wealth Advisor. Mr. Galinsky brings over three decades of experience in the financial services industry to SlateStone. Prior to merging with SlateStone Wealth, LLC, Mr. Galinsky co-founded Arch Financial Group, LLC in 1999, with offices in Boca Raton, Florida and New York, where he served approximately 300 household clients with \$200 million in assets under management. While at Arch Financial, Mr. Galinsky delivered comprehensive wealth management solutions and independent financial advice and built a long tradition of lasting partnerships with his clientele.

T. Mat Brann ("Matt") is a partner of SlateStone Wealth and is the firm's Chief Strategic Officer working closely with the Ms. Daniels and Mr. Tylander to plan, manage and execute on various strategic growth initiatives of the firm across operations, investment, client engagement and business development functions. Prior to joining SlateStone, Mr. Brann led national sales efforts for Banyan Partners, LLC from 2012 to 2014 when it was acquired by Boston Private Financial Holdings. From 2014, until joining his former business colleagues in SlateStone, Matt held the position of Executive Managing Director of Business Development at Boston Private Wealth Management where he was responsible for national sales and business development initiatives.

## 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 and robust investment offering and 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 independent advice and an authentic experience to our clients.

## General Description of Advisory Services

Wealth Management & Investment Advisory Services. SlateStone offers a comprehensive set of wealth advisory services and dedicated resources designed to respond to the unique needs of our clients. SlateStone's *CleanSlate* process approaches each client relationship from a fresh starting point. This process ensures we gain a deep understanding of our client's unique life vision and current financial situation before creating a tailored wealth and investment plan to serve as a roadmap for success. Understanding a client's life goals and needs aids in our ability to govern the relationship between the adviser and our clients and provides a guideline for the ongoing management of our relationship. Whether the relationship is broad and deep – including life management planning and investment management and estate planning or focused solely on strategic investment management services, we provide guidance that helps simplify our client's lives and gives definition to the mutually established investment objectives we seek to deliver. By taking into consideration, time horizons, tax considerations, liquidity and any other unique circumstances that may impact the management of a client's financial plan and investment portfolio, we are equipped to address a lifetime of changing needs. Throughout our *CleanSlate* approach, our advisor and investment teams use their skills to educate, communicate and collaborate financial and investment options to be considered and are available to provide advice on financial matters beyond investments for our clients. Interactive management, monitoring and rebalancing of your portfolio strategy is part and parcel of what we do. SlateStone provides a broad suite of investment choices including *Strategic Portfolio Management Services* comprised of mutual fund asset allocation strategies, model portfolios, ETF strategies and third-party investment advisers, as well as highly *Customized Advisory Services* designed to meet special or unique circumstances.

We service primarily high net worth and ultra-high net worth individuals and families who typically have in excess of \$1 million in 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 and securities transactions on your behalf and in accordance with stated objectives.

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. SlateStone invests on behalf of its clients primarily in securities that are publicly traded. We supervise client portfolios proactively and will execute transactions to buy and sell positions or rebalance holdings when we believe it is appropriate to help achieve 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.

*Customized Advisory Services.* For those clients who have greater than \$1 million in investable assets and/or 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 *Customized Advisory Services* may also 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.

SlateStone offers individually customized investment solutions tailored to each client's portfolio objectives. The firm's Investment Policy Committee identifies the big-picture global economic themes and specific industry sectors it believes offer the best investment opportunities from a top-down approach. Assessing the geo-political landscape, direction of interest rates, prospects for inflation/deflation among other factors with the goal of identifying sectors to overweight and underweight.



Based on our economic and market outlook, our research team performs in-depth research to compile a “buy-list” based on in-depth analysis of each sector and individual equity with the goal of identifying companies that we believe will produce the greatest return within certain risk parameters. We identify companies with specific factors including:

- Consistent and stable earnings and revenue growth
- Consistent profitability
- Relative attractive valuations
- Strong management teams
- Healthy balance sheets
- Competitive advantages to upside potential
- Favorable dividend policy

A further analysis and quantitative screening process is undertaken and then combined with technical analysis comprised of a number of factors to arrive at the firm’s Buy List. Once we’ve determined the universe of equities that meet our criteria, and following a thorough understanding of our client’s financial objectives, we then proceed to construct a custom portfolio designed to meet those expectations. A proactive management of the portfolio is augmented by a well-defined sell discipline for either fundamental or technical reasons or more attractive opportunities elsewhere. SlateStone’s value-add is derived from an emphasis on the big picture investment themes that offer competitive advantages, a superior stock selection process and thematic sector allocation.

### Separately Managed Accounts

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

Within our Separate Managed Account Service, SlateStone may recommend the use of a single diversified strategy in each client’s portfolio and makes available investment models and advisory services through a select group of third-party investment advisers that act as managers for your account. Additionally, we use the Envestnet platform to provide related research to our investment committee regarding the investment discipline and/or approach used by the approved managers on the Envestnet platform to identify and select a single diversified strategy that best fits your specific investment objectives and risk tolerance. When utilizing a third-party manager, SlateStone also acts as the overall manager for your account on a discretionary basis and assume the responsibility for asset allocation, manager selection and termination, portfolio management, as well as other related services. SlateStone will require additional

documents to be completed for this service in addition to the firm's standard new client documents.

*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.

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.

*FinLife Partners Service Offering.* In an effort to enhance the quality and breadth of services that SlateStone Wealth provides to its Clients, SlateStone utilizes a suite of digitally powered technology solutions offered by FinLife Partners, a division of United Capital Financial Advisers, LLC ("FinLife Partners"). FinLife Partners provide access to its technology platform to SlateStone that includes use of certain technologies, training relating to use of such technologies, and if elected by SlateStone certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for the individual investment management or guidance provided to SlateStone Clients. SlateStone pays FinLife Partners a flat fee for its technology implementation services and fees calculated per percentage-basis formula in accordance with the volume of clients for whom SlateStone utilizes such services and/or products. As such, for certain services offered, Clients indirectly contribute to the payment of cost of services paid to FinLife Partners. Relating to the cost for services, SlateStone may be financially incentivized to refer clients to United Capital, thereby creating a potential conflict of interest. To address this conflict, if the Client does not want to receive

SlateStone's financial guidance services that require access to the FinLife platform, the Client may discuss alternative options with SlateStone.

## Item 5 – Fees and Compensation

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### 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.

Depending on the scope of the services provided, additional documents may be required by the client in order to facilitate our guidance.

### 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 another 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 chooses not to have 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. Regardless of payment method, 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 periods may differ from those described herewith, typically for those clients who joined SlateStone as part of a merger or acquisition. When a client joins us as a result of a combination with another firm, we typically do not change the fee arrangements previously established.

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</b>	<b>Total Assets</b>	<b>Annual Advisory Fee as % of Total Assets</b>
	\$500,000 to \$750,000	1.25%
	\$750,000 to \$1,000,000	1.10%
	\$1,000,000 to \$2,000,000	1.00%
	\$2,000,000 to \$5,000,000	0.85%
	\$5,000,000 to \$10,000,000	0.60%
	\$10,000,000 and above	Negotiable
ETF Allocation Model	Under \$100,000	1.00%

Accounts established with less than \$500,000 are at the sole discretion of SlateStone and annual advisory fees range from 1.40% to 1.50% 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
529 College Savings Plan	All 529 Assets	0.50%

**Separate Account Manager Services Fees.** SlateStone offers Separate Account Manager Services to meet the unique needs of clients when a particular strategy is suitable and

not available internally. SlateStone acts as advisor to the client and assists client in enrolling in the Separate Account Manager Program (the “Program”). Clients will be charged an asset-based fee for the Program. The Program Fee shall consist of four segments including: the program fee, the advisor fee, the custodian’s tiered asset-based fee, and the overlay manager’s strategy fee. The Total Fee for the program services to be provided will be fully disclosed and requires the client’s approval and acknowledgement in writing and is included as part of the account set up documentation for the service.

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 transactions.

**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 or Customized Advisory Services fee. SlateStone will obtain written consent from the client for outside manager fees and additional documents will be required.

**SubAdvisory and Dual Contract Clients.** Fee schedules for clients participating in sub-advisory or dual contract programs may be separately negotiated with the relevant client or intermediary. The firm's standard fee schedule is not necessarily applicable to sub-advised or dual contract account clients. SlateStone's management fees for advice to clients in a dual contract, separately managed or sub-advisory account may be less than for the direct management of an account managed internally. The sub-advisor or intermediary generally charges clients quarterly in advance for some form of comprehensive fee based upon the percentage of the value of the client's assets under management in the program. This comprehensive fee may include execution, consulting, custodial and other services performed or arranged by the program sponsor and amount sufficient to cover the investment advisory services of discretionary managers such as SlateStone. In some cases, the discretionary managers fee is paid directly by the client pursuant to a separate contract executed between the manager and the client. In other programs, the manager's fee is paid directly by the program sponsor. SlateStone may participate in both types of programs and may be paid its investment management fee out of the fees collected by the sponsor or directly by the client.

**Donor Advised Fund Fees.** When a client's assets are allocate toward a donor advised fund, the client will be responsible for paying all fees charged by the fund on those assets in addition to SlateStone's advisory fees. The fund will impose and arrange for the automatic deduction of its own fees from the account of the client.

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.

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

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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

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SlateStone provides investment advisory and wealth management services to a wide variety of clients including: individuals; families; 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), 403(b), and 457 accounts.

SlateStone typically prefers Clients with a minimum of \$1,000,000 or more to invest and may accept accounts for \$500,000 at our discretion. Customized Advisory Services or specialized strategies require 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

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### Methods of Analysis

SlateStone's research department makes available to its professional advisory team certain information which includes recommendations on Equities, Fixed Income Securities, mutual funds, ETFs, variable annuity sub-accounts, 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 FactSet, Bloomberg Professional, Morningstar's Direct, NATIXIS and The Value Line. 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 research to provide expertise in specific investment areas or for more in-depth analysis.

**Equities.** SlateStone employs a top-down approach in managing client's investment portfolios. We begin with a detailed study of the macro-economic environment reviewing and analyzing business trends and the economic cycles both domestically and abroad. We look at the direction of interest rates, the influence of political policies and the general strength in business and industries. With the results of our study we will determine where in the world we will be focusing our efforts in finding investment ideas. We will then determine which economic sectors in which to concentrate and sub-industries that we believe will benefit from our expectations of economic growth.

SlateStone's methods for identifying new investment ideas focuses on a four tier approach. We begin our process of identifying investment ideas by running a Quantitative Screening against a universe of tens of thousands of individual companies based all around the globe. We screen for Earnings Growth Rates, Revenue Growth Rates, Valuations and Debt Levels. Companies identified in our Quantitative Screen are then reviewed using Technical Analysis during which we review multiple years of trading charts, compare the current price action to moving averages and trend lines and review Relative Strength and Money Flow indicators. Stocks that pass our Technical review will be reviewed using Valuation Analysis which involves measuring the Current



Price/Earnings Ratio, PEG Ratio, Price to Book, Price to Cash Flow, Price to Sales and Enterprise Value to Sales and EBITA. Stocks identified with favorable valuations are then compared using the same analysis to their closest competitors in our Peer to Peer analysis. Stocks that pass our Valuation Analysis will be reviewed using fundamental analysis which involves looking at Competitive Advantages, the uniqueness of a company's products or services, barriers to entry, sustainable growth and potential threats.

**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 specific 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 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.

SlateStone Wealth manages risks within our client's portfolios by maintaining a Diversified Portfolio, Limiting the Number of Holdings to a manageable total, Calculating Price Targets and Risk Levels, the Daily Supervision of Client's Holdings and by Constantly Monitoring the Trends Effecting each company and industry that is owned by our clients.

SlateStone's Sell Discipline involves the same procedures we employ to identify a potential purchase candidate simply in reverse. We Constantly review the Fundamentals effecting each individual stock and company we have bought for our clients, we are constantly monitoring Peer to Peer Valuations and the Valuations of our Holdings, Technical Analysis is applied daily towards each of our names and each Quantitative Screen specifically is reviewed for current holdings. Additional Sell Discipline involves Earnings Deceleration, Fundamental Changes in a Company or within the Industry or Sector. If more attractive investment opportunities arise or Portfolio Rebalancing. We rely on tools such as FactSet, Value Line's Investment Survey and Morningstar.

**Bonds/Fixed Income.** SlateStone Wealth's fixed income products include taxable, tax-free and high yielding portfolios of Investment grade quality.

**External Managers.** SlateStone's discretionary authority includes the ability to select any US registered investment adviser to manage client assets based on specific criteria and such managers may invest client assets in separate accounts or investment funds managed by other advisers. These external account managers may 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. SlateStone's research team 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.

**Donor Advised Funds.** SlateStone Wealth can facilitate a client's interest in charitable giving by allocating a portion of the client's assets to a donor advised fund. In specific circumstances, a foundation will administer the donor advised funds for clients and SlateStone manages this assets in these donor advised funds.

**Derivative Investments.** SlateStone Wealth may utilize derivative investments and options where suitable for its clients to meet specific objectives for growth, risk management, and income. The firm will determine analyze, select and monitor derivative securities for clients qualified to invest in them.

**Structured Notes.** Structured products are a combination of a traditional investment (equities, currencies, bonds, commodities, or funds) and one or more derivatives that are structured into one securitized instrument. Structured products may involve a high degree of risk and may be highly complex but they may also be used as flexible alternatives to traditional investment categories while providing attractive additional features, such as capital protection, yield enhancement, leverage or a combination thereof. On a selective basis, SlateStone may employ the use of structured products within your overall portfolio context and suited to our overall asset allocation, investment time horizon and risk profile. The most common type of structured product utilized selectively at SlateStone is a buffered return-enhanced note which provides for some downside protection while leveraging market returns on the upside and is linked to a particular market index.

## Investment Strategies

As part of the firm's 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 which invest primarily in mutual funds and exchange traded funds:

- Income with Capital Preservation
- Income with Moderate Growth
- Aggressive Growth
- Growth
- Growth with Income

Based upon market conditions and the firm's investment outlook, the composition of the above portfolios 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

Furthermore, the model portfolios percentage asset allocation ranges (across cash, equities, fixed income and alternatives) may be modified on approval of the firm's Investment Policy Committee to align closely with our investment thesis in different market environments.

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

Accounts managed in SlateStone's Strategic Portfolio Management 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:

**Cash Management Risks.** The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

**Equity-Related Securities and Instruments.** The Firm may take long in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

**Fixed Income Securities.** Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

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

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

prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**Market Risk.** Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of SlateStone's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that SlateStone will be able to predict these price movements accurately or capitalize on any such assumptions.

**Volatility Risks.** The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

**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 specific 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.

**Derivative Risk.** Investing and engaging in derivative instruments or derivative transactions such as options, commodity funds and commodity exchange traded funds (“ETF’s”), may involve different types of risk and possibly greater levels of risk such as those listed below.

**Leverage Risk.** A derivative instrument or transaction may disproportionately increase an account’s exposure to the market for the assets underlying the derivative position and the sensitivity of an account’s portfolio to changes in market prices for those assets.

**Counterparty Credit Risk.** An account’s ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (“counterparty”) to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

**Lack of Correlation.** The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account’s assets being incompletely hedged or not completely offset price changes in the derivative position.

**Illiquidity.** Over-the-counter derivative contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange traded futures, options and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

**Less Accurate Valuation.** The absence of a liquid market for over-the-counter derivatives increases the likelihood that SlateStone will be unable to correctly value these interests.

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

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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

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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.

Terri King, a Partner of SlateStone is a partner/owner of a CPA Firm providing accounting and tax services to businesses, trusts and individuals. There is no conflict of interest with the services she provides and there is no sharing of information by SlateStone to Ms. King's firm.

Jason Rasmussen and Glenn Koehl both hold an insurance license and receive commissions from the respective insurance company for selling insurance and annuity products. This commission is generally determined as a percentage of the face amount of the policy or annuity depending on the product type, terms and the insurance company itself. There may be other products available with similar features which may pay a lower commission. A conflict of interest exist whereby both Mr. Rasmussen and Mr. Koehl have an incentive to recommend these products based on possibly receiving commission rather than on the client's needs. Mr. Rasmussen and Mr. Koehl are both obligated to discuss these conflicts with clients in advance of proceeding with one of these products.

SlateStone Wealth does not receive any compensation for the sale of insurance products nor will it reduce its advisory fee to offset commissions paid in connection with the sale of one of these products.

## Item 11 – Code of Ethics

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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 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

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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 specific 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, in our Strategic Portfolio Management services we offer model asset allocation strategies and through our Customized Advisory Services we provide individually customized investment portfolios. Clients in our asset allocation strategies typically hold the same securities as other clients in the same strategy with variations depending on time in the strategy and initial allocation .

When possible, 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.

Clients utilizing our Customized Advisory service with individual custom portfolios may or may not hold the same securities as another client in this service and typically the variations among these portfolios are substantial between one client and the next and are therefore difficult to aggregate.

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

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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 wealth advisors, supported by the portfolio management team, and with oversight by SlateStone's Investment Policy Committee 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 client advisors will conduct an in depth review of client portfolios at a minimum annually and more frequently based on a determination with individual clients or the complexity of the strategy. Part of the review process includes a careful review of the client objectives to confirm nothing has changed as well as a 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 Client Service Team is responsible for compiling new account paperwork with the wealth advisor and/or business development advisor's involvement. The client service team will review new account paperwork at the beginning of the relationship to ensure that we have obtained all the appropriate documents required to manage the accounts including, objectives, and risk profile.

SlateStone's Chief Executive 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. Importantly, SlateStone's Chief Compliance Officer will also conduct periodic reviews of client portfolios to determine the suitability of the strategy being employed and that it remains in line with client's stated objectives as detailed on the client's respective documents.

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. The frequency of these reviews will be determined with the client and their respective wealth advisor. 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

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### 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

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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

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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

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SlateStone Wealth 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 externally managed or sub-advised assets in accordance with the external separate account manager's proxy voting policy.

## Item 18 – Financial Information

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