

**Item 1. Cover Page**

**KLS, A Division of Boston Private**

1325 Avenue of the Americas, 14<sup>th</sup> floor  
New York, New York 10019

and

9465 Wilshire Boulevard, 8<sup>th</sup> Floor  
Beverly Hills, CA 90212

Telephone: (212) 355-0346

Fax: (212) 355-0413

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

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**FORM ADV PART 2A  
BROCHURE**

This Form ADV Part 2A Brochure (the “**Disclosure Brochure**”) provides information about the qualifications and business practices of KLS, A Division of Boston Private (the “**Advisor**”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (212) 355-0346. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about the Advisor is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for the Advisor is 172832.

The Advisor is a Registered Investment Adviser. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

**Item 2. Material Changes**

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in its business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of the Advisor.

Effective on or about September 1, 2019, KLS merged with and into Boston Private Wealth LLC, another wholly owned subsidiary of Boston Private Financial Holdings, Inc. and also a registered investment advisor. Post-merger KLS will continue to operate under the same fiduciary standard to act in the client's best interest that KLS operated under since its inception. KLS will continue to do business as "KLS, A Division of Boston Private."

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## Item 4. Advisory Business

### Firm Information

The Advisor was originally founded in 1989 as KLS Professional Advisors Group, Inc. a Registered Investment Advisor with the U.S. Securities and Exchange Commission (the “SEC”), which was organized as an S-Corporation under the laws of the State of New York (the “S-Corp”). As of December 31, 2004, the S-Corp’s assets were transferred to a newly formed entity - KLS Professional Advisors Group, LLC, a Registered Investment Advisor with the SEC, which is organized as a limited liability company under the laws of the State of Delaware (the “Advisor”). Immediately thereafter, a controlling interest in the Advisor was purchased by Boston Private Financial Holdings, Inc., Boston, Massachusetts, (“Boston Private”) as a result of a sale of interests in the Advisor by the S-Corp. In January 2010, Boston Private became the sole owner of the Advisor by purchasing the remaining interest in the Advisor. Effective on or about September 1, 2019, KLS merged with and into Boston Private Wealth LLC, another wholly owned subsidiary of Boston Private Financial Holdings, Inc. and also a registered investment advisor. Post-merger KLS will continue to operate under the same fiduciary standard to act in the client's best interest that KLS operated under since its inception. KLS will continue to do business as "KLS, A Division of Boston Private."

### Advisory Services

The Advisor provides wealth and investment management services to individuals, high net worth individuals, families, pension and profit-sharing plans, trusts, estates, and small businesses (each referred to as a “Client”). The Advisor generally manages more than one account for which the Client is the beneficial owner, such as the Client’s joint account between spouses or domestic partners and the Client’s IRA account. Unless directed otherwise by the Client, the Advisor will manage the accounts as one combined account without regard to the nominal titling of individual investment positions or asset classes on a continuous basis. The services provided to each Client beyond investment advice are further discussed in Item #10 – Other Financial Industry Activities and Affiliates.

Each Client’s combined portfolio is managed individually. The Client authorizes the Advisor to manage their investment assets on a discretionary basis. Prior to rendering investment advisory services, the Advisor will ascertain, in conjunction with the Client, the Client’s financial situation, risk tolerance, and investment objective[s] in order to create a portfolio allocation. The Advisor will then construct a portfolio, consisting principally of exchange-traded funds (“ETFs”), public mutual funds, bonds, and cash-equivalents. The Advisor may also utilize other security types as necessary to meet the needs of its Clients. The Advisor does not make, buy, or sell decisions on individual stock investments, other than ETFs, or manage individual stocks that are held in a Client’s account. Further, the Advisor does not undertake to manage individual stocks or include such individual stocks in performance reporting and monitoring to the Client.

Generally, Clients do not have the ability to place restrictions on the types of investments to be held in their respective portfolio. The Advisor may periodically rebalance or adjust Client accounts under its management. If the Client experiences any significant changes to its financial or personal circumstances, the Client must notify the Advisor so that the Advisor can consider such information in managing the Client's investments.

The Advisor evaluates and selects securities for inclusion in Client portfolios only after applying its internal due-diligence process and is approved by the Advisor’s Investment Committee. Based on a Client’s personal financial circumstances, consistent with the Investment Committee’s policies and the discretion accorded to Primary Account Manager (Director and/or Associate Director) who is assigned to oversee the Client’s portfolio, the Advisor may determine on occasion to buy or sell securities on behalf of a Client. For menu driven retirement accounts, the Primary Account Manager, has discretion to recommend investments consistent with the approach of the Investment Committee.

The Advisor will provide investment advisory services and portfolio management services and will not provide securities, custodial, or other administrative services. At no time will the Advisor accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated brokerage account(s) or retirement account(s) in which the Advisor has been designated as Investment Adviser to the account(s), in accordance with the Client’s Investment Advisory Agreement (the “Advisory Agreement”).

The Advisor will typically provide a variety of financial planning services to its full-service Clients, pursuant to the Advisory Agreement. Services are provided in several areas of a Client's financial situation, depending on their goals, objectives and financial situation. The Advisor will conduct one or more meetings with the Client in order to understand the Client's current financial situation, financial goals, and specific issues.

A Financial Management Report ("FMR") is prepared for each new full service Client. The FMR will generally include recommendations addressing the following:

- Analysis of the Client's current financial position
- Recommended allocation of the Client's investable funds
- Recommendations regarding cash flow analysis to better meet the Client's major financial objectives
- Recommendations regarding retirement planning
- Recommendations regarding life and disability insurance
- Income tax review, income tax projection and long term income planning strategies
- An economic and tax review of the Client's wills and estate planning documents.

### **Wrap Fee Programs**

Although the Advisor is not a sponsor or a portfolio manager to any Wrap Fee program, we may select Clients to participate in some programs that offer a "wrap fee" option. Clients that participate in a wrap fee program pay a single fee to the program sponsor, which includes management and transaction fees for the Client account. The Advisor receives no compensation from the sponsor of the wrap fee program for recommending a Client to the wrap fee program. Participation in a wrap fee program may cost the Client more or less than purchasing such services separately.

The investment advice provided has not caused and will not cause Advisor or any affiliates or related entities to receive, directly or indirectly, compensation for services that is in excess of reasonable compensation within the meaning of ERISA section 408(b)(2) and Code section 4975(d)(2).

### **Assets under Management**

As of December 31, 2020, the most recent date for which such calculations are provided pursuant to securities regulations, the Advisor managed the following assets:

<b>Assets Under Management</b>	<b>Assets</b>
Discretionary	\$6,204,209,053
Non-Discretionary	\$533,002,147
<b>Total:</b>	<b>\$6,737,211,200</b>

## **Item 5. Fees and Compensation**

### **Fees for Advisory Services**

The Advisor is a Fee-Only Financial Advisory Firm, whose only source of compensation is the fixed annual fee paid by its Clients. It does not receive any performance fees or additional fees/compensation based on the purchase/sale or recommendation of any financial products.

Each Client that engages the services of the Advisor will enter into an Advisory Agreement, which specifies the type of services (such as investment management and supervision, wealth management, estate planning, tax preparation, insurance consulting and other consulting services) provided by the Advisor to the Client over the term of the Advisory Agreement and the fee charged for such services. The Advisor's fixed fee for the services provided is negotiated between the Advisor and Client annually.

The negotiated fee incorporated in the annual Advisory Agreement is paid by the Client as follows: (i) 40% payable by the Client upon the commencement of each yearly engagement, (ii) 30% three months following the

commencement of the engagement, and (iii) the balance seven months following the commencement of the engagement.

The Advisor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses charged by others and which are borne by the Client. Each Client may incur certain charges imposed by custodians, brokers, third party investments, and other third party activities such as fees charged by managers or custodians, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in each Fund/ETF's prospectus. Such charges, fees and commissions are exclusive of, and in addition to, the Advisor's fees, and the Advisor shall not receive any portion of these commissions, fees, and costs.

#### **Additional Information**

If a Client engages the Advisor to provide additional work beyond the scope of the normal engagement, fees ranging from \$250-\$800 per hour will be charged.

Clients may request that the Advisor manage assets held in custodial or other fiduciary accounts for the benefit of their minor children. In cases where such assets do not exceed \$100,000 in an account, management of the assets will be considered as an additional factor in establishing the Client's overall fee.

The Advisor has certain engagements wherein advice is provided to a relative of a Client. For example, a Client might engage the services of the Advisor to provide investment management services to his or her adult children or parent. In some cases, the adult children or parent would pay a nominal fee or no fee, and all additional charges would be billed to the Client who requested the Advisor to provide advisory services to either the adult children or parent. In all of these cases, the Advisor views its duties and fiduciary responsibility as flowing to the person to whom advice is rendered, such as the adult child or parent. The Advisor does not report back on substantive matters to the individual paying the fees unless the Advisor has the express consent of the recipient of the advice.

Where a Client has made fee payments to the Advisor and either party subsequently determines to terminate the relationship prior to its annual expiration, the Advisor will prorate the annual fee taking into account both length of service and work performed and refund the unearned portion to the Client. Client fees are refundable in total during the period up to five days following the signing of the Advisory Agreement retaining the Advisor to provide services. The Advisory Agreement is terminable at any time by the Client or Advisor.

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

The Advisor does not charge performance based fees for its investment advisory services.

### **Item 7. Types of Clients**

The Advisor provides services to several types of Clients:

- Individuals and High Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Small business entities other than those listed above

The minimum dollar value of a Client's investment assets required to start a relationship with the Advisor is generally \$1,000,000, although the Advisor has discretion to accept client accounts of lesser amounts. The Advisor at its discretion will accept selected accounts of lesser amounts exclusively for investment advisory services. Such Clients will not be offered the same extensive financial planning services and wealth management services described in Items #4 and #10 herein.

The Advisor's clients include a significant number of attorneys and other professionals. A potential conflict of interest may exist whereby the Advisor may recommend one of its clients who also happen(s) to be an attorney and/or professional to provide legal or other professional services for another client. However, KLS will not receive any remuneration or other benefit from the referred attorney and/or professional.

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

### **Method of Analysis**

The Advisor's methods of analysis are fundamental. The Advisor's main sources of information include: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the SEC.

### **Investment Strategies**

Investment strategies employed for each Client focus on the rationalization of risk and reward among classes of investment assets in relation to a Client's personal financial circumstances.

### **Types of Investments**

The Advisor does not generally invest in commodity transactions or future contracts on behalf of Clients. On occasion, where appropriate to address a Client's needs or where directed by a Client to do so, the Advisor will facilitate such an investment.

The Advisor will offer advice on all types of partnership investments when requested to do so by Clients, including real estate, private equity hedge funds, oil and gas, cable television, movies, leasing, operating business and other partnerships.

As part of its investment management services and supervision, the Advisor primarily allocates Client investment assets among various ETFs, public mutual funds, bonds, and cash equivalent securities.

To a lesser extent, the Advisor may recommend the allocation of Client investment assets to a third-party advisor who sponsors financial products such as wrap fee programs. As stated in Items #4 and #5 above, the Advisor receives no compensation of any kind for recommending a Client to allocate a portion of its investment assets to these financial products and does not sponsor any such programs.

If the Advisor recommends a Client allocate a portion of its investment assets to a third party advisor, such as a wrap fee program, those specific assets will be held in custody in separately managed accounts. (Please refer to Item #12 – Brokerage Practice, for clarification on the custody of Client accounts.) The Advisor has been able to negotiate a fee in which the Client will pay a discounted fee relative to the wrap fee program's normal fee schedule. If the relationship between the Advisor and a Client who allocated a portion of its investment assets in a wrap fee program is terminated and the Client continues to allocate investment assets in the wrap fee program, the sponsor may revise the fees it charges the Client to its normal fee schedule. The Client will pay one all-inclusive fee to the third party advisor of the wrap fee program, based on the Client's account value allocated to the wrap fee program. The terms and conditions for participation in the wrap fee program, including management fees, conflicts of interest, and risk factors, are set forth in the wrap fee program's client agreements.

### **Material Risks**

All investments in securities include a risk of loss of principal (invested amount) and of any profits remaining in the account. Stock and bond markets fluctuate substantially over time and certain investments may have illiquidity risks. Performance of any investment is not guaranteed. There is a risk of loss inherent in all investments. The Advisor cannot guarantee performance or that a loss will not be experienced. Investing in securities involves a risk of loss that each Client must be prepared to bear.

### **Rebalancing of Portfolio**

The Advisor may periodically rebalance Client portfolios. Rebalancing involves trading securities - buying some and selling others. In rebalancing a Client's portfolio, the Client may experience some additional transaction costs

and tax implications due to this rebalancing. The Client may suffer lower returns if the assets sold have higher returns in the future than those being purchased.

### **Balancing the Interests of Multiple Client Accounts**

The Advisor may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to Client's investments and the performance resulting from such decisions may differ from Client to Client.

### **Allocating Investment Opportunities**

Because each Client portfolio is individually managed, the Advisor will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible Clients, particularly if different Clients have materially different amounts of capital under management by the Advisor, different objectives, or different amounts of investable cash available. Therefore, not all Clients will necessarily participate in the same investment opportunities or participate on the same basis.

## **Item 9. Disciplinary Information**

The Advisor is obligated to disclose any disciplinary event that would be material in evaluating the Advisor or its advisory personnel to initiate or continue a Client/Advisor relationship. There are no legal, regulatory, financial or other disciplinary events involving the Advisor or any of its employees.

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

In addition to providing the investment advisory services described in Items #4 and #8 above, the Advisor also provides non-investment advisory services commonly referred to as wealth management services. These services may include financial and estate planning advice, income tax planning and return preparation services, financial consulting services, cash flow management, retirement planning, educational funding advice, insurance planning, and expense management advice.

The Advisor estimates that 50% of its time is attributable to providing investment advisory and supervisory services. The remainder of the Advisor's time relates to other wealth management activities.

Neither the Advisor, nor any of its employees or principals are registered as a broker dealer, have any pending registration applications or have any plans to register. Additionally, none of these parties are registered, have any pending or plans to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Boston Private, who wholly owns the Advisor, as described in Item #4 above, also owns or is the majority owner of another SEC registered investment advisor and a Massachusetts State Chartered Bank and Trust Company (each a "**Related Person**"). The Advisor may recommend certain products or services of Related Persons if it is in the best interest of the Client. As stated in Items #4 and #5 above, neither the Advisor nor its supervised persons will receive any commissions or additional income related to the sale of any such products or services.

Various supervised personnel, as defined under the Advisers Act, of the Advisor are licensed insurance agents in New York and other states. In providing advisory services, these supervised personnel may recommend the purchase of insurance products. As stated in Items #4 and #5 above, neither the Advisor nor its supervised persons will receive any commissions or additional income related to the sale of any such products.

As described in Items #4 and #8 above, the Advisor may recommend third-party advisors who sponsor financial products in which the Advisor's Clients allocate a portion of their investment assets. The Advisor does not receive any compensation or other services apart from the fixed annual fee it receives from its Clients. Consequently there is no conflict of interest in recommending these investment advisors to the Advisor's Clients.



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

The Advisor has adopted a Code of Ethics (the “Code”). The Code provides that each employee should place the interests of the Advisor’s Clients ahead of their own. Each employee is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any actual or potential conflict of interest. No employee may misuse information about Client accounts, abuse his or her position of trust and responsibility or take inappropriate advantage of his or her position. The Advisor has a policy concerning trading by personnel of the Advisor and its employees which the Advisor believes is reasonably designed to minimize potential conflicts of interest between the Advisor and its Clients. In furtherance of minimizing such potential conflicts of interest, the Advisor prohibits its access persons from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding such securities or communicating material non-public information to others.

A copy of the Advisor’s Code is available to any existing or prospective Clients upon request. Requests should be addressed to Sean Casey, Compliance Officer, KLS, A Division of Boston Private, 1325 Avenue of the Americas, 14<sup>th</sup> floor, New York, New York 10019.

**Initial and/or Limited or Private Offerings**

The Advisor does not invest in individual company shares for its Clients unless directed to do so. The Advisor does not participate in initial, limited or private offerings. Personnel of the Advisor may not, directly or indirectly, purchase any publicly traded security without obtaining prior written approval in accordance with the Code.

**Acceptance of Gifts**

The Advisor prohibits the receipt by employees of gifts of any material value from any person that does business with or on behalf of the Advisor.

**Transaction Reporting**

To comply with the rules of the SEC all access persons of the Advisor are required to maintain their own accounts or any accounts in which they have a direct or indirect beneficial interest at designated custodians. Compliance personnel review all transactions in such accounts. Monthly transaction reports capture all transactions, including “covered securities.” Covered securities include all securities except direct obligations of the United States government, a series thereof, a government sponsored entity, municipal bonds, money market funds, and share of open-end investment companies registered under the Investment Company Act of 1940 (other than investment companies for which the Advisor acts as a sub-advisor or advisor). Positions and transactions are downloaded by the designated custodian to the Advisor daily. Finally, the Advisor requires access persons to certify annually that they have complied with the Advisor’s Code.

**Pre-Clearance Procedures**

To minimize potential conflicts of interest, the Advisor has established pre-clearance procedures to identify any restriction or limits applicable to a proposed personal investment by its advisory personnel. All officers, directors and employees of KLS shall obtain clearance from the CCO prior to effecting any securities transaction, including investing in an initial public offering (IPO), private placement, limited offering or outside business activity (other than municipal and government securities transactions, exchange traded funds and mutual funds) in which they, their families (including the spouse, minor children and adults living in the same household as the officer, director or employee), or trusts of which they are trustees or in which they have a beneficial interest. The individual designated to pre-clear equity securities transactions must have his or her transactions pre-cleared by another person designated pursuant to the Code. If the transaction is approved, personnel of the Advisor may proceed with the approved trades within three days of the date clearance is given. Any trading required to be pre-cleared that has not

gone through the approval process is a violation of the Advisor's policies and procedures, and may be subject to corrective action.

### **Personal Securities Trading**

The advisory personnel of the Advisor may acquire for their own accounts certain securities that the Advisor also recommends to its Clients. Such purchases generally include securities that are publicly traded and widely distributed such as Treasury securities, municipal and corporate bonds, mutual fund shares, ETFs and Certificates of Deposit. The Advisor does not believe a material conflict of interest exists in such situations.

### **Insider Trading Policy**

It is further noted that the Advisor has policies and procedures in place that are reasonably designed to ensure compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, the Advisor has adopted a firm-wide policy statement that outlines insider trading compliance by the Advisor and its associated persons or other employees. This statement has been distributed to all associated persons and other employees of the Advisor and has been signed by each such person. A copy of such firm-wide policy is left with such person and the original is maintained in a master file. Further, the Advisor has adopted a written supervisory procedures statement highlighting the steps that shall be taken to implement the firm-wide policy. These materials are also distributed to all associated persons and other employees of the Advisor, are signed, and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) restricting and/or monitoring trading on those securities of which the Advisor's employees may have non-public information, (3) requiring all of the Advisor's employees to conduct their trading through a specified broker or reporting all transactions promptly to the Advisor, and (4) monitoring the securities trading of the Advisor and its employees and associated persons.

## **Item 12. Brokerage Practices**

### **The Custodians and Broker-Dealers the Advisor Recommends**

The Advisor generally recommends that its Clients use one or more of the following two custodian/broker-dealers as the qualified custodian to hold their investment assets: Fidelity Investments and Morgan Stanley Wealth Management to provide those same services (the "recommended custodians").

Factors considered by the Advisor in making a recommendation of a brokerage firm include the size and reputation of the firm, its capital position, its commission rates in comparison to other firms, and its reporting procedures on Client accounts. The Advisor will not accept custody of any Client funds or securities.

In addition, a Client is required to enter into a Prime Brokerage Services Agreement with their custodian. That agreement permits the Advisor to trade away from the custodian in certain circumstances. If the Advisor trades away from the Client's custodian, the custodian generally imposes a fee for each transaction that is executed on a trade away basis.

Some Clients are unable to select a recommended custodian because (i) the account is a "defined contribution plan," in which the administrator and/or trustee of the account has sole discretion on the selection of the custodian/broker for custodial and execution services or (ii) the Client is affiliated with a securities firm (for example, investment bankers), and required by their employer to maintain their investment account at the employer. For these type of situations, the Advisor will be limited to trading a Client's account through the Client's designated broker. As such, limitations will exist with respect to competitive pricing of investments and execution costs.

### **Best Execution**

The methods by which the Advisor fulfills its Best Execution obligations in connection with securities transactions for its Clients are as follows:

- With regard to mutual funds, mutual fund investments are purchased and sold at net asset value. All investors receive the same purchase/sale price for fund units that are transacted on the same day. The Advisor attempts to identify funds that do not charge commissions and loads to its Clients, although competitive transaction fees may be charged.

- With regard to “wrap fee programs” that are managed on behalf of Clients by third party advisors, the manager who is selecting the individual securities is responsible for monitoring Best Execution procedures. The Advisor, on a periodic basis, reviews performance dispersion among accounts that third party advisors manage.
- With regard to fixed income securities, the Advisor competitively receives bids and offers with more than one broker. Bond pricing is also compared to publicly available data from newspapers and pricing services. This Best Execution review is an integral part of the process the Advisor uses to purchase and sell fixed income securities on behalf of Clients.
- The Advisor reviews its securities trading procedures regularly and compares pricing on transactions with available pricing and financial databases.
- With regard to purchase and sale of specific stocks, the Advisor will compare pricing reflected in databases and published materials. These trades are relatively infrequent due to the nature of the services the Advisor provides to its Clients.
- Commission rates for trades are negotiated with custodians.

The Advisor will consider the following factors, among others, when placing a trade for a Client with a particular broker-dealer

- Quality of overall execution services provided by the broker-dealer
- Promptness of execution
- Creditworthiness and business reputation of the broker-dealer
- Promptness and accuracy of oral, hard copy or electronic reports of execution
- Ability and willingness to correct trade errors
- Promptness and accuracy of confirmation statements
- Ability to access various market centers
- The market where the security trades
- Any expertise the broker-dealer may have in executing trades for the particular type of security
- Commission charged by the broker-dealer
- Historical commission rates of the broker-dealer
- Reliability of the broker-dealer
- Ability of the broker-dealer to use ECN’s to gain liquidity, price improvement, lower commission rates and anonymity
- Reputation of the broker-dealer
- Execution and operational capabilities of the broker-dealer and its clearing firm
- Financial condition of the broker-dealer.

### **Your Brokerage and Custody Costs**

For Client accounts maintained by a recommended custodian, the custodian generally does not charge the Client separately for custody services but charges the Client commissions or other fees on trades that it executes or that settle into the Client’s account. For some accounts, such as wrap fee programs, the Custodian charges a Client a percentage of the dollar amount of assets in the account in lieu of commissions. Commission rates and asset-based fees applicable to Client accounts at recommended custodians were negotiated on behalf of the Advisor’s Clients collectively, and are reviewed no less than annually as part of the Advisor’s review of custodians and broker dealer services (“**best execution review**”). In addition to commissions and asset-based fees, recommended custodians generally charge Clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that the Advisor has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the Client’s account at their custodian. These fees are in addition to the commissions or other compensation a Client pays to the executing broker-dealer.

By selecting a recommended custodian the Client shall be aware that, because of the arrangement between the Advisor and recommended custodians, there is the potential that the Client could pay higher net execution costs than it would have paid if the Client selected another broker to provide custody and execution services for the Client’s account(s) managed by the Advisor. The Advisor shall, however, review from time to time the arrangements with the recommended custodians against other possible arrangements in the marketplace to ensure that the Advisor is achieving best execution.

**Benefits from the Recommended Custodians**

The Advisor receives from the recommended custodians such products and services that help the Advisor to better manage and administer each Client's accounts. These services and/or benefits are received at no additional cost to the Client or Advisor. Such services are computer software and related systems support that allow the Advisor to better monitor Client accounts maintained with recommended custodians. The recommended custodians also provide the Advisor and its Clients with access to institutional brokerage-trading, custody, reporting, and related services, which are not typically available to retail customers. They also make available various support services to the Advisor, which help manage or administer Client accounts.

In addition, the Advisor may receive the following benefits: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively serves institutional brokerage group participants; access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts, and/or access to an electronic communication network for Client order entry and account information, facilitate payment of the Advisor fees from Client's accounts, and assist with back-office functions, recordkeeping and Client reporting.

The availability of these services benefits the Advisor because it does not have to produce or purchase such services. The services are not contingent upon the Advisor committing any specific amount of business to the recommended custodian. The benefits the Advisor receives, that its Clients may also benefit from, may give the Advisor an incentive to recommend Clients to maintain their accounts with a recommended custodian. Based on the Advisor's interest in receiving services that benefit the Advisor's business rather than based solely on the Client's interest, the Advisor's Clients may not receive the best value in custody service and the most favourable execution of the Client's transactions. In the opinion of the Advisor, this does not disadvantage Advisor's Clients, because (i) the Advisor's selection is primarily based on the scope, quality, and price of the recommended custodian's services (see The Custodians and Broker-Dealers the Advisor Recommends above) and (ii) these services are those that are generally provided (without cost) to investment advisors by other custodians.

**Use of Soft Dollars**

The Advisor does not participate in any soft dollar arrangements in which it receives credits from broker-dealers that may be used to offset the cost of research provided by such broker-dealer.

**Valuation**

The Advisor will rely on the custodians and/or independent third party pricing services to value securities in each Client's accounts that are listed on a national securities exchange or on NASDAQ at the last quoted sales price on the principal market where the securities are traded.

**Trade Errors**

From time-to-time, the Advisor may make an error in submitting or processing a trade order. When this occurs, the Advisor will correct the trade, depending on the facts and circumstances associated with the error itself and at the time the error was discovered. The Advisor attempts to minimize the impact of trade errors by promptly performing daily reconciliation procedures with order tickets and intended orders. Trading errors will be corrected at no cost to Client. Broker-dealers are not permitted to assume responsibility for trade error losses caused by the Advisor. Nor may there be any reciprocal arrangements with respect to the trade in question or any subsequent trade to encourage the broker to assume responsibility for such losses.

In most cases, the Advisor will correct trade errors via the executing broker-dealer's trade error desk. This process effectively cancels the original trade and replaces it with the correct trade by moving the original trade into the Advisor's Trade Error Account ("**Error Account**") and putting the correct trade into the Client's account. In other words, the original trade (the trade made in error) is removed from the Client's account and has no impact on the Client. If there is a cost associated with this correction, such cost is borne by the Advisor. Occasionally, this method of correcting an error results in a gain. Because this gain actually occurs in the Advisor's Error Account, the Advisor does not credit such gains to the Client's account. Gains and losses posted to the Error Account are netted quarterly and any net gains are transferred to a Charitable Gift Trust controlled by the Advisor.

**Cross Trades**

The Advisor does not engage in cross trades between Client accounts.

**Balancing the Interests of Multiple Client Accounts**

The Advisor may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to a Client's investments and the performance resulting from such decisions may differ from Client to Client.

**Allocating Investment Opportunities**

The Advisor will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible Clients, particularly if different Clients have materially different amounts of capital under management by the Advisor or different amounts of investable cash available. Therefore, not all Clients will necessarily participate in the same investment opportunities or participate on the same basis.

The Advisor may allocate investment and trading opportunities among various Clients in a manner believed by the Advisor to be fair and equitable to each Client over time. The Advisor may place a "**Block Trade**" to purchase or sell the same security for multiple accounts if the Advisor believes it will result in a more consistent execution among Clients. The Advisor will not include a Client in a Block Trade unless the transaction is consistent with the Client's investment objectives and/or restrictions. In determining to include or exclude a Client's account in a Block Trade, the Advisor will take into account the following factors:

- The Client's investment objectives and strategies
- The composition, size and characteristics of an account
- The cash flows and amount of investment funds available to each Client
- The amount already committed by each Client to a specific investment
- Each Client's risk tolerance and the relative risk of the investment
- The marketability of the security being considered
- Whether the Advisor has trading discretion over the account.

**Item 13. Review of Accounts**

Client accounts are reviewed to confirm that portfolio construction is consistent with the Advisor's Investment Committee's policies and the Client's personal financial position and goals. Accounts are reviewed by the Primary Account Manager who is assigned to manage the Client's portfolio. Primary Account Managers are responsible for day-to-day client and portfolio management consistent with the policies of the Advisor and the Investment Committee. Designated Senior Managing Directors, serve as members of the Advisor's Investment Committee and set investment policy for the Advisor. Designated Senior Managing Directors and all Managing Directors serve as a resource for the Primary Account Managers on technical and investment matters.

Accounts are regularly reviewed with regard to asset allocation and cash position by Associates, Client Managers, Primary Account Managers, and periodically reviewed by Senior Managing Directors and the Compliance Department to ensure the Client's combined portfolio is consistent with the Advisor's Investment Committee's investment policy.

A consolidated statement of supervised assets is delivered to Clients at least quarterly. The preparation of the quarterly statements includes a review by a Managing Director and the Primary Account Manager. Consolidated statements are also available to Clients online daily.

**Item 14. Client Referrals and Other Compensation**

As described in Items #5 & #8 above, the Advisor is a Fee-Only Financial Advisory Firm, which charges a fixed annual fee. It does not receive any performance fees or additional fees/compensation based on the purchase/sale or recommendation of any financial products.

The Advisor occasionally receives referrals from existing Clients. While this might provide an incentive for the Advisor to discount fees for Clients, it is the Advisors policy not to do so.

The Advisor employs marketing personnel who are compensated for soliciting Clients. Any such arrangements will be in compliance with Rule 206(4)-3 under the Advisers Act.

### **Item 15. Custody**

The Advisor does not maintain custody of Client funds. The investment assets of each Client is titled to the Client and held by qualified custodians, such as one of the recommended custodians. Custodians send monthly or at least quarterly statements directly to each Client's address on record. The Advisor urges its Clients to carefully review such statements and compare such official custodial records to the account statements that the Advisor may provide to each Client periodically. The statements produced by the Advisor may vary from the custodial statements due to accounting methods, reporting dates, pricing sources, exchange rate differences or valuation methodologies of certain securities.

### **Item 16. Investment Discretion**

Prior to providing any investment advisory services on a discretionary basis, the Client must execute an Advisory Agreement which specifically provides the Advisor with investment discretion over the accounts of the Client for which the Advisor provides investment advisory services. Therefore, in the absence of specific instructions to the contrary, the Advisor has complete trading discretion with respect to Client accounts without any limitations on its authority. This discretion includes the authority, without prior notice to the Client, to buy and sell securities (other than specific stock issues) for Client accounts under management of the Advisor and establish and effect securities transactions through accounts with broker-dealers selected by the Advisor. In certain cases, Clients may direct the Advisor to use one or more particular broker-dealers in managing their accounts. Advisor does not have discretion to withdraw funds or fees from Client accounts. All accounts are maintained with an independent qualified custodian.

It is the Client's responsibility to promptly notify the Advisor if there is ever any change in its financial circumstances or investment objectives for the purpose of reviewing, evaluating, and/or revising the Client's portfolio.

### **Item 17. Voting Client Securities**

The Advisor does not vote proxies on behalf of its Clients or prepare class action suit filings for or on behalf of its Clients.

### **Item 18. Financial Information**

The Advisor does not have any adverse financial situations that would reasonably impair the ability of the Advisor to meet all obligations to its Clients. Neither the Advisor, nor any of its advisory persons, have been subject to a bankruptcy or financial compromise. The Advisor is not required to deliver a balance sheet along with this Disclosure Brochure, as the Advisor does not have custody of Clients assets and does not collect advisory fees for services to be performed six months or more in advance.

**Item 19. Requirements for State-Registered Advisers**

N/A

**Item 20. Additional Information**

None.