

# **NUTTER INVESTMENT ADVISORS LIMITED PARTNERSHIP PART 2A OF FORM ADV: FIRM BROCHURE**

**March 23, 2023**

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**This Brochure provides information about the qualifications and business practices of Nutter Investment Advisors Limited Partnership. If you have any questions about the contents of this Brochure, please contact us at 617-439-2100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Nutter Investment Advisors Limited Partnership also is available on the SEC's [website at www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Nutter Investment Advisors Limited Partnership is a registered investment advisor. Registration does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 29, 2022, we have no changes to report.

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## Item 4 Advisory Business

### Description of Firm

Nutter Investment Advisors Limited Partnership ("Nutter Investment Advisors" or "NIA") has its roots in the Boston law firm of Nutter, McClennen & Fish, LLP (the "Firm"), which has provided fiduciary services to trusts, estates and individuals for more than 75 years. NIA was created in 1988 to offer investment counseling services to individuals and institutions beyond the clients of the Firm. The Firm is our sole owner.

NIA's principal office and place of business is located at Seaport West, 155 Seaport Boulevard, Boston, MA 02210-2604. Our regular business hours are from 9:00 a.m. to 5:00 p.m., Monday through Friday.

NIA manages investment portfolios on behalf of individuals, endowments and foundations. We primarily use debt and equity securities (i.e., individual stocks and bonds) to tailor an investment strategy that meets each client's specific needs and goals. We expect to hold securities for several years but will sell when circumstances change, or we realize our investment thesis was wrong. As a result, our portfolios tend to be fairly tax efficient.

Once these goals and objectives have been determined, a decision is made with the client as to the best allocation of the client's assets. When this process is completed, Nutter Investment Advisors may make determinations and recommendations as to the most appropriate securities for the client's portfolio.

We offer discretionary portfolio management services. If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions, and over the commission rates to be paid. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

### IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We may benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees.

Descriptions of the educational background and employment history of our investment professionals are included in the Brochure Supplement (Form ADV Part 2B), which is available from NIA upon request.

As of December 31, 2022, NIA managed client assets totaling approximately \$86,766,283 on a discretionary basis and assets totaling approximately \$2,058,771,437 on a non-discretionary basis.

## Item 5 Fees and Compensation

Nutter Investment Advisors' fees for the advisory services it offers are generally based upon a percentage of assets under supervision. Other fee arrangements with NIA's clients, such as a fixed fee or fee rates differing from the general fee schedule, may be negotiated from time to time. Fees are payable quarterly in arrears and, at the client's option, may be billed to the client by NIA or deducted from the client's assets by NIA upon notice to the qualified custodian. A client may choose to prepay compensation, but services usually are provided before compensation is due. If a client terminates our engagement, any compensation earned is prorated to the date of termination and the client either is required to pay the prorated compensation or is provided a refund if compensation was prepaid.

Nutter Investment Advisors provides individual investment advice to attorneys of the Firm in their capacity as fiduciaries, trustees and the like, pursuant to a master advisory contract with the Firm, the Firm pays a cash investment advisory fee to be paid to NIA, the amount of which is negotiated annually.

Nutter Investment Advisors' current general fee schedule is calculated as follows:

1. For equity and balanced portfolios, the sum of the following percentages of assets under supervision:
  - 1.00% on the first \$1,000,000
  - 0.60% on the next \$4,000,000
  - 0.50% on the balance above \$5,000,000
2. For fixed-income portfolios, 75% of the rates for equity and balanced portfolios.

Clients may also be responsible for paying custodian fees, mutual fund expenses and all reasonable and ordinary transaction expenses related to the purchase and sale of securities or other investment products, including brokerage commissions. See Item 12 of this Brochure for a discussion of Nutter Investment Advisors' brokerage practices.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

The majority of Nutter Investment Advisors' clients are individuals (including personal trusts and Individual Retirement Accounts), but NIA also advises pension and profit sharing plans, endowment funds and private charitable foundations. Nutter Investment Advisors' largest single client in terms of assets under management is the Firm. The majority of the investment advice rendered to the Firm's attorneys is rendered to them in their capacity as fiduciaries of trusts, estates and the like.

We require a minimum account size of \$1,000,000 to open an account. At our discretion, we may waive this minimum account size. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. We have the right to terminate our advisory services if your Account falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

Nutter Investment Advisors works with each client to determine the client's investment objectives, tolerance for risk, need for income and time horizon through an interview process and a review of current holdings, NIA works with the client to create and implement an appropriate investment strategy that is expected to help achieve the client's investment objectives.

NIA's investment advice reflects certain basic principles and considerations. Unless advised otherwise, NIA considers each client's investment account as a single integrated portfolio. Tax efficiency is important, but it is not the sole consideration in developing a strategy.

Investment strategies employed by NIA emphasize long-term purchases (i.e., securities intended to be held for at least one year), but may also include short-term purchases (i.e., securities held for less than one year) depending upon the specific needs of the client. To the extent consistent with client objectives, we typically seek long-term growth as well as current income by investing primarily in the common stocks of large, established companies with sound fundamentals and leading market shares. We favor companies with strong management teams, prospects for above average earnings growth and strong balance sheets. We are attentive to valuations and strive to identify suitable common stocks selling at reasonable prices relative to their growth prospects. NIA's investment strategies typically implement broad diversification across economic sectors to mitigate dramatic price swings in specific industry segments of the market.

NIA believes in the merits of a balanced portfolio of common stocks and high-grade fixed income securities. Different asset classes (domestic and foreign stocks, corporate bonds, municipal bonds, government securities, etc.) are generally considered by NIA as appropriate for a client's portfolio. While we expect stocks will generate greater returns over long periods of time, investment strategies often include an allocation to bonds to reduce risk and to provide a dependable stream of income. For clients who so desire, NIA will manage portfolios composed entirely of equity or fixed income securities.

NIA may obtain advice from attorneys, accountants and other experts to assist in its analysis of certain investments for clients. NIA obtains information about securities from the following sources:

- financial newspapers and magazines;
- research materials prepared by others;
- corporate rating services;
- annual reports, prospectuses and filings with the Securities and Exchange Commission; and
- company press releases and other issuer-prepared information.

NIA's investment personnel primarily employ fundamental analysis as their security analysis method, but they may also use published technical and cyclical information, including charting, as factors in their decision-making process.

Investing in securities involves the possible risk of loss of all or a significant portion of the principal amount invested that clients should be prepared to bear. NIA does not guarantee performance or results.

Risks associated with NIA's investment strategies are generally market-based (i.e., the risk that an investor may experience losses from day-to-day fluctuations in securities prices, otherwise known as market risk) rather than liquidity-based (i.e., the risk that no market exists for the security or the security is restricted as to its sale or transferability under federal and state securities laws).

We may use one or more methods of analysis or investment strategies when providing investment advice, which include technical and fundamental analysis and long-term and short-term purchases. We will inform you of any additional characteristics and risks of selected strategies.

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

Investments, unlike savings and checking accounts at a bank, are not insured by the federal government to protect against market losses. The value of investments and the income derived may fall as well as rise and clients may not recoup the original amount invested in a particular security. There can be no assurance that a client's portfolio will achieve its investment objectives and past performance should not be seen as a guide to future returns. Stocks in a client's portfolio may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of the client's ownership interest. An investment may also be affected by changes in exchange control regulation, tax laws, national and international political and economic developments, and government, economic or monetary policies. Asset allocation, or diversification across asset classes, does not ensure a profit or protection against loss.

A portfolio that invests in bonds and other fixed-income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when prevailing market interest rates fall, while their prices generally fall when such rates rise. The prices for longer-term debt securities are usually more sensitive to interest rate changes.

Portfolios investing in bonds and other fixed-income securities are also subject to the risk that the issuers may not make payments on such securities. An adverse change in its financial condition might result in a reduction in the issuer's credit quality rating, leading to greater price volatility in the issuer's securities. A lowering of the credit rating of a security may also affect the security's liquidity, making it more difficult to sell. Portfolios investing in lower quality debt securities (i.e., securities that are rated below investment grade or which are of comparable quality) are more susceptible to these problems and their value may be more volatile. NIA emphasizes higher-grade bonds in its client portfolios, with issues generally rated at least "A" or higher by the major credit rating services.

Portfolios which concentrate in a particular business or market sector may carry a higher degree of risk due to lower diversification and sector-specific risks. The performance of each portfolio may differ in direction and degree from the overall performance of the stock market.

### **Tax Considerations**

Our strategies and investments may have tax implications. While we consider the tax implications in the management of your assets, tax efficiency is not our primary consideration in the management of your assets.



## **Item 9 Disciplinary Information**

Neither NIA nor any of its management persons have any legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of NIA's advisory business or the integrity of NIA's management.

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

### **Arrangements with Affiliated Entities**

We are affiliated with Nutter, McClennen & Fish, LLP through ownership; however, our advisory services are separate and distinct from the compensation paid to the Firm for their services.

As mentioned above, Nutter Investment Advisors largest single client in terms of assets under management is the Firm, which NIA serves pursuant to a master contract by providing investment advisory services, on a non-discretionary basis, to individual attorneys of the Firm acting as fiduciaries for Trusts, estates and the like, representing assets of approximately \$2,058,771,437 as of December 31, 2022. NIA also guarantees the Firm's obligations under the credit facility extended to the Firm by its principal bank.

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

### **Description of Our Code of Ethics**

Nutter Investment Advisors has a Code of Ethics and Professional Conduct (the "Code") that prohibits it, its employees and its general partner (and the members and managers thereof), whether acting as a principal for their own accounts or for any account in which they have a direct or indirect beneficial interest, from knowingly selling any security to or purchasing any security from a client or effecting any trade or undertaking any activity that may adversely affect the clients of Nutter Investment Advisors or their interests. The Code imposes restrictions on the securities trading activities of Nutter Investment Advisors and its employees and its general partner (and the members and managers thereof) that are designed to give clients the opportunity to act upon, and benefit from, the recommendations of Nutter Investment Advisors before they may act on their own behalf. Among other things, the policies and procedures in the Code are designed to address any conflicts of interest that may arise in the event NIA, its employees or its general partner (or the members or managers thereof) buy or sell for their own accounts or for any account in which they have a beneficial interest in securities (other than mutual funds and certain other excepted securities) that NIA also recommends to its advisory clients. Such conflicts of interest may include, for example, front-running, which occurs when an investment advisor or one of its related persons or entities trades stocks in the investment advisor's account or personal accounts prior to trading them for their clients, which might have an adverse impact on clients' portfolios.

Our Chief Compliance Officer, James C. Bacon, or his designee has the authority to grant written waivers of these restrictions, provided such waivers are not in violation of applicable rules and regulations and he or his designee reasonably believes that the proposed purchase or sale or other activity will not affect the market in the security to the detriment of a client's account or interests or otherwise adversely affect a client.

Nutter Investment Advisors has implemented a compliance program under the Code that requires each person subject to the Code, prior to engaging in any transaction concerning a security for his or her own account or any account in which he or she has a direct or indirect beneficial interest to obtain prior

written approval of the Chief Compliance Officer or his designee. When requesting approval, the employee must inform the Chief Compliance Officer or his designee if he or she is aware that the security is being considered for purchase or sale for any accounts maintained by Nutter Investment Advisors. Each employee must also obtain prior written approval from the Chief Compliance Officer or his designee before participating in any initial public offering, private placement or other limited offering. The Chief Compliance Officer or his designee will keep a record of each such approval granted by him or her.

Persons subject to the Code are also required to submit an initial holdings report to the Chief Compliance Officer upon the start of their employment with Nutter Investment Advisors, as well as quarterly securities transaction reports describing their personal transactions and annual holdings reports. The Chief Compliance Officer must review the reports submitted under the Code, and if he determines that a violation of the Code may have occurred, he shall consider and may impose such sanctions as he deems appropriate.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Aggregated Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

## **Item 12 Brokerage Practices**

We recommend different custodians/brokers to hold your assets and execute transactions. When considering whether the terms that the custodian provides are most advantageous to you when compared with other providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees,
- etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by the custodian
- Availability of other products and services that benefit us, as discussed below (see "Products and
- and
- services available to us from Schwab")

Generally, our custodian relationships may include benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

### **Brokerage and Custody Costs at Charles Schwab**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime

broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above. By using another broker or dealer you may pay lower transaction costs.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

*Services that benefit you.* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that do not directly benefit you.* Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services that generally benefit only us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Research and Technology
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

- Marketing consulting and support
- Recruiting and custodial search consulting

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

*Our interest in Schwab's services.* The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products are in addition to any benefits or research we pay for with soft dollars, and may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

Each of Nutter Investment Advisors' accounts is normally reviewed by a committee comprised of NIA's investment officers approximately once every three months, and more frequently if appropriate. Reviews conducted outside the normal review cycle are primarily client-driven and done at the request of the client or because of changes in the client's circumstances, but they may also be conducted, among other reasons, for tax purposes or in connection with NIA's review of a particular security. By

policy, each of NIA's accounts must be reviewed by at least two investment officers at least semi-annually. NIA's investment officers are E. Barnes M. Abbott, Richard A. Siple, Vijay Naidu, Anu Kothari, and James C. Bacon.

The review procedure verifies the account type, investment objective, and special instructions or investment limitations, if any. NIA reviews both the conformity of the investments in each account to its basic strategy for achieving the given investment objective of that account, and whether each account asset satisfies NIA's quality standards for investments.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will not provide you with regular written reports. You will receive monthly or quarterly statements from your account custodian(s).

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

Nutter Investment Advisors compensates certain of its employees, whereby the individual receives compensation from us for the establishment of new client relationships. Employees who refer clients to us must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay us. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with us. Therefore, the individual has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Item 15 Custody**

Nutter Investment Advisors does not have physical custody of any client accounts or assets. However, we are deemed to have custody of client assets due to the debiting of our advisory fees directly from our clients' accounts held at different qualified custodians, that a related person of the firm acts as trustee to certain client accounts, and due to third-party standing letters of authorization ("SLOAs") for the transfer of money from custodial accounts to third parties, based on instructions provided by the client.

### **Debiting of Fees**

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Trust Account Services**

Attorneys at our affiliate, Nutter McClennen & Fish LLP, serve as trustee to certain accounts for which we provide nondiscretionary investment advisory services. These attorneys / trustees are not employed in any capacity by Nutter Investment Advisors. Nutter Investment Advisors does not hold, directly or indirectly, or have any authority to obtain, the funds or securities deemed to be held by Nutter McClennen & Fish LLP. These accounts are held at a qualified custodian. Consequently, we

have determined that Nutter Investment Advisors does not have custody of those assets. While we believe that NIA does not have custody over these assets, we provide this information in the interest of full disclosure.

### **Standing Letters of Authorization**

Through our accounts at Schwab, our firm, or persons associated with our firm, have the ability to effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization, or SLOA. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

Our firm is not required to undergo a surprise annual audit by reason of having custody through SLOAs, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Item 16 Investment Discretion**

Except for the accounts under management pursuant to the master advisory contract between Nutter Investment Advisors and the Firm, which are managed on a non-discretionary basis, NIA accepts discretionary authority to manage securities accounts on behalf of its clients. In such arrangements, NIA has the authority to determine, without obtaining specific client consent, the type and amount of securities to be bought, sold or held and whether and how to alter the asset allocation within a client's portfolio. Although not customary, clients may place limitations on this authority, including, for example, a prohibition against investing in debt, equity or other securities of issuers that do not meet the client's personal standards.

NIA assumes this discretionary authority pursuant to the terms of the relevant investment management agreement between the client and NIA. Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

Nutter Investment Advisors has the authority to vote client securities and has established written policies and procedures which govern the voting of proxies received with respect to securities held in client accounts.

Nutter Investment Advisors intends to vote proxies in the best interests of its clients. NIA defines the best interests of the client as the economic best interests of the shareholders of the issuer. If NIA identifies a potential conflict between its interests and that of a client with respect to a given proxy vote, we will seek such client's consent before voting and provide the client with information regarding the matter.

Nutter Investment Advisors generally votes in favor of management's proposals, including director elections, appointment of independent auditors and employee compensation. NIA will not adhere to these or other general positions, however, if it determines that these are not consistent with the best interests of its clients given the specific facts and circumstances involved with any given vote.

Clients may obtain a copy of Nutter Investment Advisors' proxy voting policies and procedures and information on how the client's shares have been voted by contacting Nutter Investment Advisors directly at the business address listed on the cover page of this Brochure.

## **Item 18 Financial Information**

We have not filed a bankruptcy petition at any time in the past ten years. There are no financial conditions of Nutter Investment Advisors that are reasonably likely to impair NIA's ability to meet its contractual commitments to its clients.