



BOSTON  
FAMILY  
ADVISORS

## **Boston Family Advisors LLC**

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**August 10, 2023**

### **FORM ADV PART 2A BROCHURE**

This Form ADV Part 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Boston Family Advisors LLC ("BFA"). If you have any questions about the content of this Disclosure Brochure, please contact the us at (617) 963-0904 or by email at [info@bostonfamilyadvisors.com](mailto:info@bostonfamilyadvisors.com).

Boston Family Advisors is a registered investment advisor located in the Commonwealth of Massachusetts. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about BFA to assist you in determining whether to retain us.

Additional information about BFA and our Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our firm name or CRD# 299060.

## Item 2 Summary of Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to our business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of BFA.

Boston Family Advisors believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. BFA encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with us.

### Material Changes

Since our last annual updating amendment, dated March 30, 2023, we have made the following material changes to this Disclosure Brochure:

- BFA has appointed Joshua Leffler as the Chief Compliance Officer.
- BFA has amended its fees for Family Office Services. Please see the *Fees and Compensation* section for additional information.
- BFA has amended its fees for Investment Management Services. Please see the *Fees and Compensation* section for additional information.
- BFA clarified its minimum investment amount in BFA Private Opportunities Fund I, LP. Please see the *Types of Clients* section for additional information.
- BFA updated its risk disclosures to include the recommendation of illiquid securities. Please see the *Methods of Analysis, Investment Strategies and Risk of Loss* section for additional information.

### Future Changes

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

You may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our firm name or CRD# 299060. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (617) 963-0904 or by email at [info@bostonfamilyadvisors.com](mailto:info@bostonfamilyadvisors.com).

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## **Item 4 Advisory Business**

### **A. Firm Information**

Boston Family Advisors LLC ("BFA") is a registered investment advisor located in the Commonwealth of Massachusetts. Boston Family Advisors is organized as a Limited Liability Company ("LLC") under the laws of Massachusetts. BFA was founded in September 2018 and became a registered investment advisor in January 2019. BFA is majority owned by Nicholas A. R. Hofer (President). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by BFA.

### **B. Advisory Services Offered**

BFA provides advisory services to individuals, high net worth individuals, families, trusts, estates, and private investment funds (each referred to as a "Client").

BFA serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, we uphold a duty of loyalty, fairness and good faith towards each Client, and we seek to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

The following paragraphs describe our services and fees. Refer to the description of each advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Boston Family Advisors and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

#### Family Office Services

BFA offers Family Office Services designed to help our clients organize their financial situation and plan for the successful transfer of wealth to the next generation in the most tax-advantaged manner. Such services generally include:

- Financial Planning Services;
- Bill Pay Services;
- Reporting;
- Cash Flow Analysis;
- Family Financial Literacy;
- Wealth Transfer Planning;
- Administration & Bookkeeping;
- Investments;
- Philanthropic Services; and
- Tax Services.

BFA may also provide investment management services within the scope of family office services. Under the Family Office Services, BFA may accept or maintain custody of Client's funds or securities. Please see Item 15 – Custody for more information.

### Investment Management Services

BFA offers investment management services independently or within the scope of family office services. BFA customizes investment management solutions for our Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and non-discretionary investment management and related advisory services. BFA works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. BFA will then construct an investment portfolio, consisting of some proportion of equities, fixed income, cash and cash equivalents, commodities, real estate, private equity, hedge funds, venture capital, private credit, options contracts, and digital assets to achieve the Client's investment goals. BFA may also utilize individual stocks or bonds to meet the needs of its Clients. BFA may retain certain legacy investments based on portfolio fit and/or tax considerations.

BFA's investment approach is primarily long-term focused, but we may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. We will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by BFA.

BFA evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. BFA may recommend, on occasion, redistributing investment allocations to diversify the portfolio. BFA may recommend specific positions to increase sector or asset class weightings. BFA may recommend employing cash positions as a possible hedge against market movement. BFA may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Under certain circumstances, BFA accepts and maintains custody of Client's funds or securities. Please see Item 15 – Custody for more information.

### Private Investment Funds

BFA serves as the Manager and the Adviser to BFA Private Opportunities Fund I, LP ("Fund"). Specifically, BFA will manage the assets of the Fund on a discretionary basis in accordance with the overall investment objective of the Fund. The detailed terms, strategies and risks applicable to the Fund are described in the Fund's organizational and offering documents. Details of the guidelines, parameters and restrictions on investments relating to the Fund clients may be found in the Fund's Private Placement Memorandum. The Fund is a concentrated private investment fund-of-funds with an early-stage venture bias. The investment objective of the Fund is to generate attractive long-term capital growth by investing in talented managers who are focused on what BFA believes are some of the leading secular growth themes within the economy today, such as: disruptive technology innovation (enterprise SaaS, AI and ML-based technology, cloud-based solutions, cybersecurity), the nexus of technology and healthcare (next-generation diagnostics and therapeutics development), and climate technology. The investment process is defined by two stages: fund selection and portfolio construction.

Investments in the Fund are not registered under the Securities Act of 1933, as amended, and are only offered after delivery of a private placement memorandum and execution of the subscription agreement and other offering documents. Investments in the Fund are offered only to qualified purchasers as defined within the meaning of Section 2(a)(51) of the Investment Company Act of 1940.

Investments in the Fund are offered by a private offering memorandum which provides investors with full disclosure regarding the objectives of the Fund, the risks involved with the offering and the minimum initial capital contribution or commitment required.

#### IRA Rollover Recommendations

Effective January 31, 2022 (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 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. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

#### **C. Client Account Management**

Prior to engaging BFA to provide advisory services, each Client is required to enter into one or more agreements with us that define the terms, conditions, authority and responsibilities of BFA and the Client. These services may include:

- Establishing an Investment Strategy – BFA, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives, taking into consideration the Client's financial situation, risk tolerance, and time horizon.
- Asset Allocation – BFA will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – BFA will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – BFA will provide investment management and ongoing oversight of the Client's investment.

#### **D. Wrap Fee Programs**

BFA does not manage or place Client assets into a wrap fee program.

#### **E. Assets Under Management**

As of March 20, 2023, BFA manages \$152,840,698 in client assets, all of which are managed on a discretionary basis. Clients may request more current information, at any time, by contacting us.

## Item 5 Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for services provided by BFA. Each Client engaging BFA for services described herein shall be required to enter into one or more written agreement with us.

### **A. Fees for Advisory Services**

#### Family Office Services

BFA offers Family Office Services as an ongoing engagement, or a one-time project-based engagement, with each Client. Fees are charged monthly, quarterly, or annually ("Billing Period") either in advance or in arrears, pursuant to the terms of the Family Office Services agreement. Fees for Family Office Services are billed at an annual fixed fee of up to \$500,000. Fees are based on the nature and complexity of the services to be provided and the overall relationship with BFA. An estimate for total costs will be provided to the Client prior to engaging BFA for these services.

#### Investment Management Services

Fees for Investment Management Services are billed at an annual fixed fee and are charged monthly, quarterly, or annually ("Billing Period") either in advance or in arrears, pursuant to the terms of the Investment Management Services agreement. The fixed fee is based on several factors, including: the complexity of the services to be provided, the level and type of assets to be managed, and the overall relationship with BFA. Under no circumstances will the fixed fee exceed 1.00% of the assets under management. Fees may be negotiable at the sole discretion of BFA.

In the first Billing Period of service, the investment management fee is prorated from the inception date of the account[s] to the end of the first Billing Period. The Client's fees will take into consideration the aggregate assets under management with BFA.

BFA's fee is exclusive of, and in addition to, any applicable securities transaction and custody fees, and other related costs and expenses described in Item 5.C. below, which may be incurred by the Client. However, BFA shall not receive any portion of these commissions, fees, and costs.

#### Private Investment Funds

To qualify for an investment in the Fund an Investor to the Fund must be a qualified purchaser, as defined within the meaning of Section 2(a)(51) of the Investment Company Act of 1940. For a full description of the applicable fees, including performance-based fees, and expenses charged to the Fund, Investors should review the associated offering documents. BFA does not charge a separate management fee to Investors who are also Clients for investment management services to the Fund. BFA also waives its performance-based fee for Investors who are also Clients. However, Investors will be subject to management fees paid to the underlying fund(s) of up to 2.50% of the Investors' capital or capital commitment and a performance-based fee of 20%, calculated based on a share of capital gains or capital appreciation of the assets of the Fund.

**Other Expenses:** The Fund will generally pay all fees, costs, expenses, and liabilities relating to the operation of the Funds, including the third-party administrator fees, accountant fees and fees related to potential investments paid to third parties.

**Performance-Based Compensation:** Refer to Item 6 – Performance-Based Fees and Side-By-Side Management, of this brochure.

## **B. Fee Billing**

### Family Office Services

BFA will invoice Clients directly for its Family Office Services fees. Fees are invoiced monthly, quarterly, or annually either in advance or in arrears, pursuant to the terms of the Family Office Services agreement. Fees for a one-time project-based engagement are invoiced at one hundred percent (100%) of the total fee at the time the Client enters into the Family Office Services agreement.

### Investment Management Services

BFA will invoice Clients directly for its Investment Management Services fees. Fees are invoiced monthly, quarterly, or annually either in advance or in arrears, pursuant to the terms of the Investment Management Services agreement.

Where a Client elects to have its fees deducted from its account[s] at the Custodian, BFA shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the respective Billing Period date. In addition, BFA will provide the Client an invoice itemizing the fee, including the service period covered by the fee. Clients are urged to also review and compare the statement provided by BFA to the brokerage statement from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting BFA to be paid directly from their account[s] held by the Custodian as part of the Family Office Services agreement and/or the Investment Management Services agreement and separate account forms provided by the Custodian.

### Private Investment Funds

Clients should refer to the associated offering documents regarding the Fund's fees and related disclosures.

## **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than BFA, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian and executing broker-dealer, if applicable. BFA's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by BFA are separate and distinct from these custody and execution fees.

In addition, all fees paid to BFA for investment management services are separate and distinct from the expenses charged by the mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of BFA, but would not receive the services provided by BFA which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by BFA to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

## **D. Payment of Fees and Termination**

### Family Office Services

BFA is compensated for its services either at the beginning of the Billing Period or at the end of the Billing Period in which Family Office Services are rendered. Either party may terminate the agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the



agreement within five (5) business days of signing BFA's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. In the instance where the relationship is terminated during the quarter, BFA will calculate fees due based on the number of days in the current period in which we provided services, up to and including the effective date of termination. The Client's family office services agreement with us is non-transferable without the Client's prior consent.

#### Investment Management Services

BFA is compensated for its services either at the beginning of the Billing Period or at the end of the Billing Period in which Investment Management Services are rendered. Either party may terminate the agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the agreement within five (5) business days of signing BFA's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. In the instance where the relationship is terminated during the quarter, BFA will calculate fees due based on the number of days in the current period in which we provided services, up to and including the effective date of termination. The Client's agreement with us is non-transferable without the Client's prior consent.

#### **E. Compensation for Sales of Securities**

BFA does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment management fees noted above.

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

To qualify for an investment in the Fund and its performance-based fee arrangement, an Investor to the Fund must be a qualified purchaser, as defined within the meaning of Section 2(a)(51) of the Investment Company Act of 1940. For a full description of the applicable fees, including performance-based fees, and expenses charged to the Fund, investors should review the associated offering documents. BFA does not charge a separate management fee to Investors who are also Clients for investment management services to the Fund. BFA also waives its performance-based fee for Investors who are also Clients. However, Investors will be subject to management fees paid to the underlying fund(s) of up to 2.50% of the Investors' capital or capital commitment and a performance-based fee of 20%, calculated based on a share of capital gains or capital appreciation of the assets of the Fund.

BFA can accept a performance-based fee from the Fund. Such performance-based fees are calculated based on a share of capital gains or capital appreciation of the assets of the Fund. Clients should be aware that performance-based fee arrangements create an incentive for BFA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In order to address this conflict of interest, BFA's Chief Investment Officer periodically reviews Client accounts to ensure that investments are suitable and that the account is being managed according to the Client's investment objectives and risk tolerance.

BFA serves as the Manager and the Adviser to BFA Private Opportunities Fund I, LP in which Clients may be solicited to invest. BFA, certain members of its management, and other knowledgeable employees may acquire, directly or indirectly, investment interests in the Fund or have other financial interests in the Fund. This presents a conflict of interest because BFA has investments in the Fund and/or can be compensated by the Fund.

## Item 7 Types of Clients

BFA offers advisory services to individuals, high net worth individuals, families, trusts, estates, and pooled investment vehicles. The amount of each type of Client is available on BFA's Form ADV Part 1A. These amounts may change over time and are updated at least annually by BFA. In general, BFA does not require a minimum dollar amount to open and maintain an advisory account. The minimum investment amount in BFA Private Opportunities Fund I, LP is \$100,000. BFA can accept lesser amounts in its sole discretion.

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

### A. Methods of Analysis

BFA primarily employs fundamental, technical, and cyclical analysis methods in developing investment strategies for our Clients. Research and analysis from BFA are derived from numerous sources, including financial media companies, third-party research materials, internet sources, and review of company activities, including annual reports, prospectuses, press releases, and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps BFA in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. BFA monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on our review process are included below in Item 13 – Review of Accounts.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that BFA will be able to accurately predict such a reoccurrence.

*Cyclical analysis* is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that BFA is recommending. The risks with cyclical analysis are similar to those of technical analysis.

As noted above, BFA generally employs a long-term investment strategy for our Clients, as consistent with their financial goals. BFA will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, BFA may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

BFA manages cash balances in Client account(s) based on the risk, duration, yield, and the financial soundness of the money markets and other short term instruments.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. BFA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help BFA in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. We monitor these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on our review process are included below in Item 13 – Review of Accounts.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. BFA shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform us of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. BFA will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with our investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later. There is also a risk that Authorized Participants are unable to fulfill their responsibilities. Authorized Participants are one of the major parties involved with ETF creation/redemption mechanism in the markets. The Authorized Participants play a critical role in the liquidity of ETFs and essentially have the exclusive right to change the supply of ETF shares in the market. If the Authorized Participants do not fulfill this expected role, there could be an adverse impact on liquidity and the valuation of an ETF.

### Stock Risks

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing

company; and the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

#### Bond Risks

Bonds are subject to specific risks, including the following: (1) interest rate risks, i.e., the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e., the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e., the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e., the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e., the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) liquidity risks, i.e., the risk that a bond may not be sold as quickly as there is no readily available market for the bond.

#### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

#### Private Investment Fund Risks

BFA bases its advice to such private investment funds on the investment objective and restrictions (if any) set forth in the applicable offering memorandum, organizational documents, investment management agreement, and/or subscription agreements. Please refer to the Fund's offering documents for further information regarding methods of analysis, investment strategies, and risk of loss. The Investment Manager has designed the Fund to expose investors to investments with the potential for high returns while incorporating a methodology that is intended to reduce many of the risks associated with investing in private investment vehicles. The Fund's diversification is intended to reduce several risks when compared to investing in one venture or private equity fund strategy. Specifically, individual fund performance risk, firm-specific risks (cultural or operating), timing or vintage risk, and investment sector risk are all reduced due to the fund-of-funds structure of the Fund. Although diversified, the Fund is also concentrated with eight to ten managers, which BFA believes increases the return potential over time.

#### Illiquid Securities Risks

Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:

- typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
- have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
- are more difficult for to monitor and value due to a lack of transparency and publicly available information about these funds;
- may have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and

- involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

BFA identifies alternative investments via a broad array of sources. In some cases, the source of an alternative investment is a Client of BFA. This creates a conflict of interest as BFA has an incentive to recommend alternative investments that financially benefit Clients over those that do not. While this conflict exists, BFA believes that its policies and procedures mitigate any such conflict. BFA undertakes a thorough due diligence process on all investments, including those that may be introduced to BFA by a Client. In addition, BFA does not receive any additional compensation for recommending alternative investments, whether or not sourced by Clients. Moreover, when making investment recommendations to Clients, BFA makes individualized recommendations based on what it believes to be in the best interest of the Client on whose behalf it is making the recommendation viewed on an overall basis.

### Real Estate Risks

Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

### Options Contract Risks

Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put

(for a put option).

- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or decline unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

#### Digital Asset Risks

Digital assets generally refer to an asset that is issued and/or transferred using distributed ledger or blockchain technology, including, "virtual currencies (also known as crypto-currencies)," "coins," and "tokens". BFA may invest in and/or advise clients on the purchase or sale of digital assets. This advice or investment may be in actual digital coins/tokens/currencies or via investment vehicles such as exchange traded funds (ETFs) or separately managed accounts (SMAs). The investment characteristics of Digital Assets generally differ from those of traditional securities, currencies, commodities. Digital Assets are not backed by a central bank or a national, international organization, any hard assets, human capital, or other form of credit and are relatively new to the market place. Rather, Digital Assets are market-based: a Digital Asset's value is determined by (and fluctuates often,

according to) supply and demand factors, its adoption in the traditional commerce channels, and/or the value that various market participants place on it through their mutual agreement or transactions. The lack of history to these types of investments entail certain unknown risks, are very speculative and are not appropriate for all investors.

**Price Volatility of Digital Assets Risk:** A principal risk in trading Digital Assets is the rapid fluctuation of market price. The value of client portfolios relates in part to the value of the Digital Assets held in the client portfolio and fluctuations in the price of Digital Assets could adversely affect the value of a client's portfolio. There is no guarantee that a client will be able to achieve a better than average market price for Digital Assets or will purchase Digital Assets at the most favorable price available. The price of Digital Assets achieved by a client may be affected generally by a wide variety of complex factors such as supply and demand; availability and access to Digital Asset service providers (such as payment processors), exchanges, miners or other Digital Asset users and market participants; perceived or actual security vulnerability; and traditional risk factors including inflation levels; fiscal policy; interest rates; and political, natural and economic events.

**Digital Asset Service Providers Risk:** Service providers that support Digital Assets and the Digital Asset marketplace(s) may not be subject to the same regulatory and professional oversight as traditional securities service providers. Further, there is no assurance that the availability of and access to virtual currency service providers will not be negatively affected by government regulation or supply and demand of Digital Assets. Accordingly, companies or financial institutions that currently support virtual currency may not do so in the future.

**Custody of Digital Assets Risk:** Under the Advisers Act, SEC registered investment advisers are required to hold securities with "qualified custodians," among other requirements. Certain Digital Assets may be deemed to be securities. Some Digital Assets do not currently fall under the SEC definition of security and therefore many of the companies providing Digital Assets custodial services fall outside of the SEC's definition of "qualified custodian". Accordingly, clients seeking to purchase actual digital coins/tokens/currencies may need to use nonqualified custodians to hold all or a portion of their Digital Assets.

**Government Oversight of Digital Assets Risk:** Regulatory agencies and/or the constructs responsible for oversight of Digital Assets or a Digital Asset network may not be fully developed and subject to change. Regulators may adopt laws, regulations, policies or rules directly or indirectly affecting Digital Assets their treatment, transacting, custody, and valuation.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with us.**

## **Item 9 Disciplinary Information**

**There are no legal, regulatory, or disciplinary events involving BFA or its owner.** BFA values the trust Clients place in us. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of BFA and our Advisory Persons are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching our firm name or CRD# 299060.

## Item 10 Other Financial Industry Activities and Affiliations

BFA serves as the Manager and the Adviser to BFA Private Opportunities Fund I, LP ("Fund") in which Clients may be solicited to invest. The Fund is offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum and other offering documents. The terms and conditions for participation in the Fund, including management and/or performance-based fees, conflicts of interest, risk factors, and liquidity constraints, are set forth in the Fund's offering document. The fees charged by the Fund are separate and apart from BFA's advisory fees. Clients should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with BFA have made an investment in the Fund and may have an incentive to recommend the Fund over other investments.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Conflict of Interest:** BFA and certain members of its management have acquired, directly or indirectly, investment interests in the Fund or have other financial interests (e.g., General Partner) in the Fund. As Investors, they have an incentive to devote more time to the Fund than to Clients or to provide limited investment opportunities to the Fund instead of Clients. Furthermore, they may have an incentive to recommend the Fund rather than recommending other investments.

BFA addresses these conflicts by disclosing them in this brochure and in the offering documents of the Fund. While BFA believes these relationships are commonplace in the investment industry and bring added value to Clients, the members of BFA's management and all BFA employees are fiduciaries and are required to act at all times in accordance with BFA's Code of Ethics and to act only in the best interest of Clients.

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

### A. Code of Ethics

BFA has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with BFA ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to the Client. BFA and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of BFA's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the us at (617) 963-0904 or via email at [info@bostonfamilyadvisors.com](mailto:info@bostonfamilyadvisors.com).

### B. Participation or Interest in Client Transactions

BFA serves as the Manager and the Adviser to BFA Private Opportunities Fund I, LP ("Fund") in which Clients may be solicited to invest. BFA and certain members of its management may acquire, directly or indirectly, investment interests in the Fund or have other financial interests (e.g., General Partner) in



the Fund. This presents a conflict of interest because BFA has investments and/or is compensated by the Fund. Conflicts that arise are mitigated through BFA's fiduciary obligation to act in the best interest of Clients, contractual limitations that govern BFA's activities as adviser or general partner, as applicable, and the requirement of BFA not to place its interests before Clients' interests when managing the Fund. Clients who are investors in the Fund should refer to the Fund's offering documents for detailed disclosures regarding the Fund.

### **C. Personal Trading in Same Securities as Clients**

BFA allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, BFA has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities as recommended (purchase or sell) to Clients. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by BFA requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. BFA has also adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While BFA allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. **At no time will BFA, or any Supervised Person of BFA, transact in any security to the detriment of any Client.**

## **Item 12 Brokerage Practices**

### **A. Recommendation of Custodians**

BFA does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize BFA to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, BFA does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where BFA does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a custodian not recommended by BFA. However, we may be limited in the services we can provide if the recommended Custodian is not engaged. BFA may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices.

BFA will generally recommend that Clients establish their account[s] at Fidelity Clearing & Custody Solutions and its related entities under Fidelity Investments, Inc. ("Fidelity") and/or Charles Schwab & Co., Inc. ("Schwab") both FINRA-registered broker-dealers and members SIPC. Fidelity and Schwab will serve as the Client's "qualified custodian." BFA maintains an institutional relationship with Fidelity and Schwab, whereby we receive economic benefits from Fidelity and Schwab. Please see Item 14 below.

BFA also recommends that Clients establish their account[s] at Gemini Trust Company LLC ("Gemini") for digital asset investments. All trades are executed at Gemini directly in the Client's account. Gemini is licensed by the State of New York to custody digital assets. BFA believes that Gemini provides quality execution services for Clients at competitive prices. Price is not the sole factor BFA considers in evaluating best execution. BFA also considers the quality of the brokerage services provided by Gemini, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to Clients and BFA. In recognition of the value of the services Gemini provides, Clients may pay higher commissions and/or trading costs than those that may be available elsewhere.

Following are additional details regarding the brokerage practices of the BFA:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. **BFA does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, we receive certain economic benefits from the Custodian. Please see Item 14 below**

**2. Brokerage Referrals** - BFA does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis," where BFA will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. BFA will not engage in any principal transactions (i.e., trade of any security from or to our own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). BFA will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. BFA will execute its transactions through the Custodian as authorized by the Client.

BFA may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

## **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When BFA purchases, or recommends the purchase of, mutual funds for a Client, BFA selects the share class that is deemed to be in the Client's best interest, taking into consideration the availability of advisory, institutional or retirement plan share classes, initial and ongoing share class costs, transaction costs (if any), tax implications, cost basis and other factors. BFA also reviews the mutual funds held in accounts that come under its management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent or deferred sales charges.

## **Item 13 Review of Accounts**

### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a quarterly basis by Warren Gibbon, CIO of BFA. BFA will have access to each Client's account[s] to perform ongoing investment due diligence. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify BFA if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. BFA may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

### **A. Compensation Received by BFA**

BFA is a fee-based advisory firm, that is compensated solely by our Clients and not from investment products. BFA does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. BFA may refer Clients to various unaffiliated, non-advisory professionals (e.g., attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of our Clients. Likewise, BFA may receive non-compensated referrals of new Clients from various third-parties.

#### Participation in Institutional Advisor Platform - Fidelity

BFA has established an institutional relationship with Fidelity ("Custodian") to assist us in managing Client account[s]. Access to the Fidelity platform is provided at no charge to the BFA. BFA receives access to software and related support without cost because we render investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit BFA, but not our Clients directly. In fulfilling its duties to its Clients, BFA endeavors at all times to put the interests of our Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the BFA's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

Additionally, BFA may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

BFA believes, however, that taken in the aggregate, our recommendation of Fidelity as custodian and broker, when appropriate for certain clients, is in the best interests of BFA's clients. BFA's selection is primarily supported by the scope, quality, and price of Fidelity's services and not Fidelity's services that benefit only BFA.

#### Participation in Institutional Advisor Platform – Schwab

##### **The Custodian and Brokers We Use**

BFA does not maintain custody of Clients assets that we manage, although we may be deemed to have custody of Clients assets if Clients give us authority to withdraw assets from Client accounts (see Item 15—Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. When appropriate for certain clients, we recommend that Clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

BFA is independently owned and operated and is not affiliated with Schwab. Schwab will hold Client assets in a brokerage account and buy and sell securities when we instruct them to. While BFA recommends that Clients use Schwab as custodian/broker, Clients will decide whether to do so and will open the account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below. Clients should consider these conflicts of interest when selecting the custodian.

BFA does not open the account for Clients, although we may assist Clients in doing so. Even though Client accounts are maintained at Schwab, and we anticipate that most trades will be executed through Schwab, the BFA can still use other brokers to execute trades for Client accounts as described below (see "Your brokerage and custody costs").

##### **How We Select Brokers/Custodians**

When appropriate for certain clients, BFA seeks to recommend Schwab, a custodian/broker that will hold Client assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to Clients when compared with other available providers and their services, we take into account a wide range of factors, including:

- 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
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab

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

For the clients' accounts that Schwab maintains, Schwab generally does not charge Clients separately for custody services but is compensated by charging Clients commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in a Client's account in Schwab's Cash Features Program. Schwab charges Clients a flat dollar amount as a "prime broker" or "trade away" fee for each trade that BFA has executed by a different broker-dealer but where the securities bought or the funds

from the securities sold are deposited (settled) into a Client's 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, BFA has Schwab execute most trades for Client accounts.

BFA is 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 BFA is 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 Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer Clients 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 BFA. They provide BFA 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 BFA.

Schwab also makes available various support services. Some of those services help the us manage or administer our Clients' accounts, while others help BFA manage and grow its business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to BFA. 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 BFA's Clients. Schwab's services described in this paragraph generally benefit Clients and Client accounts.

**Services that do not directly benefit you.** Schwab also makes available to BFA other products and services that benefit us but do not directly benefit Clients or Client accounts. 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. BFA uses 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 BFA manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and related compliance 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.

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, the Advisor would be required to pay for these 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. BFA does not have to pay for Schwab's services. 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. BFA believes, however, that taken in the aggregate, BFA's recommendation of Schwab as custodian and broker, when appropriate for certain clients, is in the best interests of Clients. BFA's selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only BFA.

### **B. Client Referrals**

BFA does not compensate non-employee (outside) consultants, individuals, and/or entities for Client referrals.

## **Item 15 Custody**

All Clients must place their assets with a "qualified custodian." Clients are required to engage the Custodian to retain their funds and securities and direct BFA to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by BFA to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices. If the Client gives BFA authority to move money from one account to another account, we may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and BFA have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

BFA has "custody" of Client accounts as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940 as BFA offers bill pay services to certain Clients as part of its Family Office Services. Additionally, BFA serves as trustee to certain accounts for which BFA provides investment advisory services. As BFA is deemed to have custody over certain Client accounts and/or securities as part of its Family Office Services, pursuant to securities regulations, BFA is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which BFA maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>).

BFA serves as the Manager and Adviser to BFA Private Opportunities Fund I, LP (the "Fund,"), a private pooled investment vehicle in which Clients may be solicited to invest. The Fund is offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Fund is offered will receive a private placement memorandum

and other offering documents. The fees charged by the Fund are separate and apart from BFA's advisory fees. Clients should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with BFA have made an investment in the Fund and have an incentive to recommend the Fund over other investments.

In BFA's capacity as the Manager and Adviser to the Fund, BFA will have access to the Fund's funds and securities, and therefore have custody over such funds and securities. BFA provides each investor in the Fund with audited annual financial statements. If you are a Fund investor and have questions regarding the financial statements or if you did not receive a copy, contact BFA directly at 617-963-0904.

## **Item 16 Investment Discretion**

BFA generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an agreement[s] with BFA containing all applicable limitations to such authority. All discretionary trades made by BFA will be in accordance with each Client's investment objectives and goals.

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

## **Item 17 Voting Client Securities**

BFA does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. BFA will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting. Clients may direct proxies to BFA, however BFA will take no action on voting proxies.

## **Item 18 Financial Information**

Neither BFA, nor its management, have any adverse financial situations that would reasonably impair the ability of BFA to meet all obligations to our Clients. Neither BFA, nor any of our Advisory Persons, has been subject to a bankruptcy or financial compromise. BFA is not required to deliver a balance sheet along with this Disclosure Brochure, as we do not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.