

Baystate Wealth Management, LLC.

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ADV 2A Brochure

This Brochure provides information about the qualifications and business practices of Baystate Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Ms. Jill Ledgewood, at 617-585-4545 and/or [jledgewood@baystatefinancial.com](mailto:jledgewood@baystatefinancial.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Baystate Wealth Management, LLC is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Baystate Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Material Changes since the date of the last Form ADV as follows:

The structure under which Baystate Wealth Management, LLC operates has and will change materially.

For current clients whose accounts are custodied at National Financial Services, LLC and for which MML Investors Services, LLC acts as the introducing broker, there is no change in the structure and no material change in our Form ADV. Please see the prior version of Baystate Wealth's Form ADV.

For (1) current clients who transition their accounts to Fidelity Institutional Wealth Services, (2) clients opening new accounts with Baystate Wealth and (3) new clients, the organizational structure has changed whereby MML Investors Services, LLC and Baystate Wealth will be co-advisors on the accounts pursuant to a co-advisory agreement and the assets will be custodied at Fidelity Institutional Wealth Services. The client's investment advisor representative for these accounts will be a registered representative of MML Investors Services, LLC only, and will discontinue being a registered representative of Baystate Wealth once all of the representative's Baystate Wealth clients have transitioned to the new custodian, Fidelity Institutional Wealth Services.

This Form ADV describes the current and future structure going forward. To read about the former structure, please request a prior version of Baystate Wealth's Form ADV 2A from our Chief Compliance Officer, Jill Ledgewood, who can be reached at: 617-585-4545 or by email at [jledgewood@baystatefinancial.com](mailto:jledgewood@baystatefinancial.com).

Our current Brochure may be requested by contacting Jill Ledgewood at: 617-585-4545; or by email at: [jledgewood@baystatefinancial.com](mailto:jledgewood@baystatefinancial.com). Our current Brochure is also available on our web site: [www.baystatewealth.com](http://www.baystatewealth.com), free of charge.

Additional information about Baystate Wealth Management, LLC is available via the SEC's web site: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about the people affiliated with Baystate Wealth Management, LLC who are registered, or who are required to be registered, as investment adviser representatives of Baystate Wealth Management, LLC.

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## Item 4 – Advisory Business

Baystate Wealth Management, LLC. (“Baystate Wealth” or the “the Company”) is registered with the SEC as an Investment Adviser (SEC file number: 801-70681) and has been registered since 2010. The principal owners of the Company are: David C. Porter, Thomas N. O’Connor and Gregory J. Pinto.

### **The Management Team**

The management team of Baystate Wealth Management, LLC is as follows:

#### **David C. Porter, Chairman**

Mr. Porter is the Chairman of the Board and a Managing Member of Baystate Wealth. Mr. Porter is also a Managing Member and a Principal of Baystate Financial Services, LLC since 1996. Mr. Porter holds FINRA Series 6 and 63 licenses. Born in 1961, Mr. Porter graduated from West Chester University in 1983 with a degree in Public Administration.

#### **Thomas Neal O’Connor, President**

Tom O’Connor is the President of Baystate Wealth Management, LLC and Chairperson of the Investment Committee. As President, Mr. O’Connor is charged with overseeing and developing the business, and is involved in the day-to-day activities of the Company, including setting investment policies and overseeing compliance.

A practicing attorney for almost thirty-five (35) years, in March of 2000, Mr. O’Connor retired from Hale and Dorr, of Boston, Massachusetts as a Senior Partner to start a federally registered investment adviser called Marathon Capital Group, LLC. Mr. O’Connor acted as a co-founder, Chief Operating Officer, Chief Compliance Officer and General Counsel to Marathon Capital until the business was sold to a New York investment advisory firm in October 2008. Shortly thereafter, Mr. O’Connor joined Baystate and began assisting Baystate in building out its wealth management platform. Mr. O’Connor was named President of Baystate Wealth in October of 2009. While at Marathon Capital, Mr. O’Connor started a law firm now called O’Connor, Carnathan and Mack, LLC, which specializes in issues relating to fiduciary duties, closely-held and family businesses and securities work. Mr. O’Connor currently is “Of Counsel” to the law firm.

Mr. O’Connor holds FINRA Series 7, 63, 65 and 66 licenses. Born in 1953, Mr. O’Connor received a B.A in Government from St. Lawrence University in 1975 and a J.D. from Albany Law School of Union University in 1979.

### **Jill Ledgewood, Chief Compliance Officer**

Mrs. Ledgewood is the Chief Compliance Officer of Baystate Wealth and a member of the Investment Committee. Mrs. Ledgewood began her career in the financial services industry in 2000 working at Boston Financial Data Services and joined Baystate Financial Services shortly afterwards in August of 2000 where she worked in compliance for over 15 years. Mrs. Ledgewood is a registered principal and holds FINRA Series 7, 24 and 66 licenses.

Born in 1979, Mrs. Ledgewood received an Associate's Degree in Business Management from Aquinas College in Milton, Massachusetts.

### **Gregory J. Pinto: CLU®, ChFC®, CFP®, Chief Executive Officer**

Gregory J. Pinto is the Chief Executive Officer of Baystate Wealth, and a member of the Investment Committee. Mr. Pinto began his career in the financial services industry in 1991. He was promoted to Managing Associate of New England Financial Services, Rochester, N.Y. in 1995. In 1997, Mr. Pinto joined Baystate Financial Services LLC as the firm's Investment Specialist. Mr. Pinto holds FINRA Series 6, 7 and 63 licenses.

Born in 1965, Mr. Pinto received a Bachelor's of Science degree from the University of Bombay in 1986, and an MBA in Finance and Public Accounting from the University of Rochester in 1989.

### **John P. Cogswell: CFA®, Chief Market Strategist**

Mr. Cogswell, is a CFA® charter holder and is a member of the Investment Committee, an approved senior Portfolio Manager and the Chief Market Strategist for Baystate Wealth Management. Mr. Cogswell began his career in the financial services industry in 1995. Prior to joining Baystate Wealth Management, Mr. Cogswell was a Senior Vice President at E\*Trade Wealth Management, an Investment Manager at A.G Edwards, and a Registered Representative at Gruntal & Co.

After graduating from Northeastern University, Mr. Cogswell joined Gruntal & Co to help retail investors build portfolios of smaller to mid-sized companies using the firm's proprietary research. At A.G Edwards, he managed portfolios of equities incorporating hedging strategies with exchange-traded options. While at E\*Trade Wealth Management, Mr. Cogswell managed portfolios and served as a member of the firm's Investment Committee. Mr. Cogswell's primary focus was determining investment strategy and asset allocation for many of the firm's existing and prospective clients. Mr. Cogswell joined Baystate as Senior Vice President, Investments, in 2009. He was promoted to Chief Market Strategist of Baystate Wealth in 2012. Mr. Cogswell holds FINRA Series 7, 63 and 65 licenses.

Born in 1971, Mr. Cogswell received a Bachelor's of Science, with a dual major in Finance and International Finance, from Northeastern University in 1995.

## **Joshua T. Pierce: CFP®, Director of Research**

Mr. Pierce holds the Chartered Alternative Investment Analyst (“CAIA®”) designation and the Certified Financial Planner (“CFP®”) designation. Mr. Pierce is a member of the Investment Committee, an approved senior Portfolio Manager and the Director of Research for Baystate Wealth. Prior to joining Baystate, Mr. Pierce held the position of Vice President with E\*Trade Wealth Management. Before E\*Trade Wealth Management, Mr. Pierce was a Financial Advisor with UBS Financial Services, Inc., and with the Private Clients Group of Fleet National Bank.

At E\*Trade Wealth Management, Mr. Pierce’s primary role was to determine investment strategy and asset allocation for many of the firm’s existing and prospective clients. At UBS Financial Services, Mr. Pierce serviced his clients through offering investment strategies ranging from short-term municipal bonds to managed portfolios through mutual funds, stocks and separately managed account programs. During his time with Fleet, Mr. Pierce’s primary focus was on servicing his clients through investment strategies and banking products focusing on principal protection and providing income to his clients. Mr. Pierce holds FINRA Series 7, 63 and 66 licenses. Born 1976, Mr. Pierce received a B.A. from Wheaton College in 1999 and an MBA from Northeastern University in 2008.

### **Baystate Wealth’s Investment Advisory Business**

Baystate Wealth has entered into a co-advisory agreement with MML Investors Services, LLC (“MMLIS”) pursuant to which the two companies act as co-advisors to clients who open investment advisory accounts at Baystate Wealth. Under the co-advisory agreement, MMLIS permits clients of its investment advisor representatives (“IARs”) to have access to the Baystate Wealth Platform and MMLIS provides some supervisory and administrative services, while Baystate Wealth manages the assets in the portfolios, makes the day-to-day investment decisions and interfaces directly with the clients. This Brochure describes Baystate Wealth’s duties and responsibilities. For a description of MMLIS’ duties and responsibilities, please see MMLIS’ Form ADV 2A Brochure.

Baystate Wealth provides fee-based discretionary and non-discretionary investment supervisory services and portfolio management primarily for high net worth individuals, ultra-high net worth individuals, corporate pensions and profit sharing plans, closely-held and family businesses, corporations, trusts, foundations, and athletes and those involved in professional and amateur athletics. Baystate Wealth is compensated for its services by charging a fee based on a percentage of assets placed under management.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage Baystate Wealth on a non-discretionary investment advisory basis must agree that Baystate Wealth cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Baystate Wealth will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s verbal consent.

Baystate's investment platform offers flexibility in choosing the kinds of securities to be held in the clients' account(s). Eligible securities include, without limitation:

- Exchange Listed Stocks (NYSE, AMEX);
- NASDAQ Listed Securities;
- Exchange Traded Funds (ETFs);
- Exchange Traded Notes (ETNs);
- No-load Mutual Funds;
- Load-Waived Mutual Funds;
- American Depository Receipts (ADRs);
- U.S. Government Bonds;
- Mortgage-backed Bonds;
- Municipal Bonds;
- Unit Investment Trusts;
- Exchanged Traded REITs/Limited Partnerships; and
- Brokerage Certificates of Deposit.

Clients may establish an account at Baystate Wealth by transferring cash or by transferring accounts in kind or after the sale of all or some of the securities in the transferred account. To the extent the client seeks to transfer an account in kind, and the account contains securities that are ineligible securities under the Baystate Wealth Program, those securities must be sold prior to, concurrent with, or shortly after the transfer.

The client relationship is managed by Investment Adviser Representatives ("IARs") of MMLIS and by the management and employees of Baystate Wealth. IARs, with the assistance of Baystate Wealth management or employees if requested, generally meet with clients, discuss the clients' goals and objectives and assist the clients in the development, management and implementation of the clients' wealth management program. IARs do not, however, manage Baystate Wealth portfolios for clients. Rather, Baystate Wealth portfolios are managed by Approved Portfolio Managers ("APMs") of Baystate Wealth. All APMs of Baystate Wealth are pre-approved by the Company to manage assets. The investment process is governed by the Investment Committee of the Company, which meets typically once a week or as dictated by market conditions to discuss investment options for the APMs.

While each portfolio is managed separately, and ultimately the Investment Policy Statement (“IPS”) controls, with the client’s consent the Company may manage Accounts targeted to one of several investment strategies, referred to as “Model Portfolios” by the Company. These Model Portfolios range from conservative to very aggressive. The client’s portfolio may or may not be identical to a Model Portfolio, but the Model Portfolio is a target allocation tied to a specific risk tolerance. The selection of one or more of these Model Portfolios as an investment target depends on the client’s risk tolerance.

Information on the Model Portfolios, their composition, strategic and tactical allocations, and their benchmarks, are provided by Baystate Wealth to clients. The specific securities in each Model Portfolio, and the specific strategic and tactical allocations for each Model, may change over time and may be different at different points in time. Strategic and tactical allocation decisions for each Model Portfolio are made by the Investment Committee. The Company may employ a strategy of writing options to hedge portfolios or to dampen volatility. Smaller accounts may have a similar overall allocation among asset classes and styles. However, smaller accounts also tend to have fewer, and sometimes different, holdings than larger accounts invested in the same strategy. Thus, the performance (good or bad) of any single holding could have a greater impact on the overall performance of a smaller account than on the performance of a larger account. The Company may purchase “recommended lists” or research and buy or sell recommendations from other investment advisory firms, but the decision to buy or sell a particular security in a Baystate Wealth portfolio remains with Baystate Wealth.

There is no guaranty that any investment strategy, Model Portfolio or Account will achieve a particular result or that any Account will result in a profit. Past performance is no guaranty of future results.

The client’s risk tolerance, and financial goals and objectives, as well as other pertinent facts and data, are reflected in the IPS. As the client’s goals, objectives and risk tolerance change, it is the client’s obligation to update the IPS accordingly, and certain agreed-upon actions are taken to ensure that the portfolios are being managed in accordance in the IPS.

Portfolios are adjusted in response to and in anticipation of market conditions. Strategic and tactical allocations are made taking into account relative valuations, market conditions, movements in the market and geo-political events affecting the markets.

Client assets are custodied at Fidelity Institutional Wealth Services (“the Custodian”)(hereinafter the account are referred to as being in “the Program” and these accounts are hereinafter referred to as “the Program Accounts”). Clients are required to sign a Fidelity Account Application to open a Program Account. This is in addition to the Engagement Letter clients sign to open an advisory account with Baystate Wealth and to the CRIA Transition form required by MMLIS. Further information concerning the relationship between the Company, MMLIS and Fidelity is set forth below in Item 10, “Other Financial Industry Activities and Affiliations.”



Baystate Wealth has two different methods of charging fees to clients. One method is that the client is charged a fee for asset management and the client pays the commissions and other trading costs associated with the account (please note that none of the trading costs is paid to Baystate Wealth; they are all collected by the Custodian). This fee arrangement is known as “Advisory Fee Plus.” The other method is for the client to be charged an overall fee that includes the costs for commissions and other trading costs. This fee arrangement is known as “Advisory Fee One.” Advisory Fee One is construed as a “wrap fee” program. A wrap account is a type of individually managed account in which most expenses that are typical of a managed account are combined into one (i.e. a “wrap”) fee. This includes the management fees and transactional costs and fees.

Please Note: Fees. The management fees paid by Clients are divided between Baystate Wealth and the IAR. Baystate Wealth charges a 32 basis point platform fee based on the assets under management at the time of billing. The IAR receives a separate and additional fee determined by his/her/its applicable grid rate set by MMLIS for his/her/its ongoing advisory services. Baystate Wealth receives any residual fee not paid to the IAR. Thus, the Client’s total management fee is a combination of both Baystate Wealth’s investment management fee and the IAR’s service/advisory fee. The amount of the total management fee is determined by the IAR (within a fee range not to exceed 250 basis points or 2.5%), and the amount of the total management fee varies depending upon various objective and subjective factors, including the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, whether related accounts are involved, and based on discussions and negotiations with the client. Thus, similar clients could pay different fees, which will correspondingly impact a client’s net Account performance. Since Baystate Wealth and the IAR receive a portion of the total management fee charged to the client, a conflict of interest arises, because the higher the fee paid by the client, the higher the compensation received by the IAR and by Baystate Wealth. In addition, for current Clients who have not transitioned to the Custodian, Baystate Wealth pays a quarterly installment fee to MMLIS (this quarterly fee will phase out once all Clients have transitioned to the Custodian). The payment to MMLIS does not affect the fee paid by the Client for investment advisory services. Baystate Wealth’s Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a Client or prospective client may have regarding the above fee discussion, its potential impact on account performance, and the conflict of interest.

Baystate Wealth does not manage accounts differently depending on the type of fee (Advisory Fee One or Advisory Fee Plus). However, in the wrap fee context (Advisory Fee One), since the management fee is included as part of the wrap fee, Baystate Wealth does receive a portion of the wrap fee for its services.

As of March 24, 2017, the asset under management (“AUM”) of Baystate Wealth Management was \$907,226,186; \$852,226,186 in full discretionary accounts and \$55,000,000 in non-discretionary accounts.

Please Note: Retirement Rollovers – No Obligation/Conflict of Interest: A Client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his/her former employer’s plan, if permitted, ii) rollover the assets to his/her new employer’s plan, if one is available and rollovers are permitted, iii) rollover to an IRA; or iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). Baystate Wealth or the IAR may recommend that a Client rollover plan assets to an Individual Retirement Account (IRA) managed by Baystate Wealth. As a result, Baystate Wealth and the IAR may earn an asset-based fee. In contrast, a recommendation that a Client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Baystate Wealth or the IAR (unless you engage Baystate Wealth to monitor and/or manage the account while maintained at your employer). Baystate Wealth thus has an economic incentive to encourage an investor to roll plan assets into an IRA that Baystate Wealth will manage or to engage Baystate to monitor and/or manage the account while maintained at your employer. There are various factors that Baystate Wealth may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA; iii) the services and responsiveness of the plan’s investment professionals versus Baystate Wealth’s; iv) whether the client desires to manage the assets or have the assets managed by a professional manager; v) protection of assets from creditors and legal judgments; vi) required minimum distributions and age considerations; and vii) employer stock tax consequences, if any. **No Client is under any obligation to rollover plan assets to an IRA managed by Baystate Wealth or to engage Baystate Wealth to monitor and/or manage the account while maintained at your employer. Baystate Wealth’s Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a Client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.**

Non-Investment Consulting/Implementation Services. Baystate Wealth does not hold itself out as providing financial planning or related consulting services. However, to the extent requested by a Client, Baystate Wealth may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including, as disclosed below, IARs in their separate capacities as registered representatives or licensed agents of MMLIS. The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Baystate Wealth. Baystate Wealth does not receive any compensation for such recommendations. Please Note: If the Client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. Please Also Note: In performing

its services, Baystate Wealth is not required to verify any information received from the Client or from the Client's other professionals, and Baystate Wealth is expressly authorized to rely on any information given by the Client or the Client's professionals. Moreover, each Client is advised that it remains the Client's responsibility to promptly notify Baystate Wealth and MMLIS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Baystate Wealth's previous recommendations and/or services.

## Item 5 – Fees and Compensation

Subject to exceptions made at the discretion of the Company, the minimum account size for Baystate Wealth is \$250,000.00. Fees are negotiable with the Client and generally are charged as a percentage of assets under management or stated in basis points. Subject to exceptions made at the discretion of the Company, Baystate Wealth receives an investment management fee of 32 basis points. The IAR receives a separate and additional fee for ongoing advisory services, as determined based upon a grid payment system established at MMLIS. Any residual is paid to Baystate Wealth. Thus, the total fee paid for investment management services is the combination of the fees paid to Baystate Wealth and the fees paid to the IAR. For current Clients before they transition to Fidelity as the Custodian, Baystate Wealth pays a yearly fee to MMLIS for operational, compliance, marketing and sales support. Payments to MMLIS do not affect the amount of fees paid by the Client on Baystate Wealth accounts. After current Clients transition to Fidelity, and for all new Baystate Wealth accounts established at Fidelity, no fee will be paid to MMLIS and the fee paid to MMLIS will phase out when all Clients have transitioned to Fidelity as the new custodian. The total fee may not exceed 2.5% or 250 basis points. The agreed upon fee is set forth in the Engagement Letter.

The first payment for the Program Fee is prorated to cover the period from the date that the Account is opened and funded through the end of the then current calendar quarter. Fees are debited directly from the Client's Program Account, based on the fee schedule which is attached as Exhibit A to the Engagement Letter. Thereafter, the quarterly Program Fee will be paid at the beginning of each calendar quarter and the fee will be based on the fair market value of the assets in the Program Account on the last business day of the preceding calendar quarter as calculated by the Custodian.

Through Baystate Wealth, the Client authorizes the Custodian to deduct the Program Fee and other charges from cash assets held in the account. Therefore, the Client should maintain a suitable percentage of the portfolio in cash to pay for fees and charges under the Program. If the Account does not have enough cash to pay for the advisory and/or brokerage fees and charges, the Company instructs the Custodian to sell any Account assets the Custodian deems appropriate to make such cash available even if the Client did not grant Discretionary Trading by executing a Discretionary Engagement Letter. In such cases, the Client may face a taxable event, to which capital gains (or other) taxes may apply. For certain accounts, specific security exclusions from billing may be negotiated with the Client.

The Client authorizes the Custodian to deduct all applicable fees and costs from the Client's Program Account and all such fees and costs will be clearly noted on the statements provided to the Client no less than quarterly by Baystate Wealth and/or the Custodian.

#### Investment Advisory Fees – Fee Schedule – Wrap Fee Program

Advisory Fee Plus compared to Advisory Fee One Clients can choose one of two billing arrangements; called "Advisory Fee Plus" and "Advisory Fee One." The difference is whether the transaction and other costs are paid for directly by the Client or included in the overall fee charged to the Account (which is construed as a "wrap" fee program).

##### Advisory Fee Plus

Under Advisory Fee Plus, in addition to the total investment management fee charged by Baystate and the IAR, the Client will be charged separately for transactional costs and other brokerage fees and costs pursuant to the then current fee schedule provided by the Custodian. The transactional and other costs are deducted directly from the Program Account. Baystate Wealth, MMLIS, the IARs and the APMs are not paid and they do not receive any portion of the transactional fees and costs paid to the Custodian.

##### Advisory Fee One

The Client may select a fee arrangement where the transactional costs are paid for out of the total investment management fee charged the Client. This fee arrangement is referred to as "Advisory Fee One." Advisory Fee One may meet the definition of a "wrap fee program" under the Investment Advisers Act of 1940 ("the Act") and other applicable rules and regulations.

The fees charged to the Client for portfolio management are negotiable and subject to the written agreement of the Client in the Engagement Letter, but may not exceed 2.5% or 250 basis points of the assets under management. Under Advisory Fee One, the IAR and/or Baystate Wealth will pay the transactional costs from the Advisory Fee One fee paid by the Client. In the event the Client elects Advisory Fee One, the Client will only pay one total fee to Baystate Wealth and the IAR and the Client will not have to pay the transactional costs charged by the Custodian. Under Advisory Fee Plus, the Client pays the transactional costs directly to the Custodian, which are deducted and paid from the Account. The IAR and Baystate Wealth are not paid, and neither receives, any compensation or payment from such transactional and other brokerage costs and fees.

##### Advisory Fee One Fee May Cost More/Factors Bearing on Costs

The Advisory Fee One fee likely will be higher than if the Client did not select this option and instead opted for the Advisory Fee Plus fee, because the transactional costs are paid for from the total investment management fee charged to the Client. This does not necessarily mean that the Advisory Fee One fee will be higher than the total fees and costs the Client would pay if the Client opted for the Advisory Fee Plus fee, since this will depend on the number of trades and the other factors discussed below.

A number of factors will have a bearing on the issue of whether the Advisory Fee One fee or "wrap fee" would be higher or lower than the total fees and costs the Client would pay if the Client opted to pay for the transactional costs from the assets under management in the portfolio (an Advisory Fee Plus fee). The number, amount and types of trades undertaken in the portfolio on a quarterly and yearly basis will have a direct impact on the issue. Under Advisory Fee One, the transactional costs are paid for from the total investment management fee charged, whereas under

Advisory Fee Plus, the Client pays for the transactional costs. If the number, amount and types of trades are increased, the transactional costs will increase. Depending on the amount of wrap fee charged on the account, these transactional costs could be a significant portion of the fee charged and thus reduce the overall compensation received by the IAR(s) and Baystate Wealth. By contrast, if the number, amount and types of trades are kept to a relatively low number, then it is likely that the wrap fee charged would exceed the total of the investment management fee plus the transactional and brokerage costs paid directly by the Client.

In addition to the number, amount and types of trades, the sizes of the trades, the number of shares traded and the nature of the securities traded may have an impact on the fee comparisons. The Custodian may charge minimum ticket charges and may charge differently for different types of securities (e.g. foreign securities, certain mutual funds, certain types of bonds, options, alternative investments, etc.). Thus, a significant number of smaller trades or a significant number of trades in certain securities may have a disproportionately large impact on the costs of managing the portfolio. In such circumstances, a wrap fee program likely would cost less than the other type of program, depending on the fees agreed to by the Client.

Other factors that may bear upon the cost of Advisory Fee One in relation to the cost of Advisory Fee Plus may include, among other things, the number of trades executed for the account, the size and type of account, the types of securities executed, the historical and expected size of the account and the number and range of supplemental services provided to the account.

Baystate Wealth makes no representation that the Advisory Fee One or the Advisory Fee Plus fee paid by the Client is the same as or lower than that charged to another Clients who invest in the Baystate Wealth Program, or that the Advisory Fee One or the Advisory Fee Plus fee is the same as or lower than the fees charged by other sponsors or advisers of comparable programs for accounts of comparable size or comparable investment objectives.

The nature and extent of services provided by the IARs and Baystate Wealth should not vary based upon the type of fee arrangement selected by the Client. As noted above, however, the nature and extent of the services provided by the IARs and by Baystate may have an impact on the total fee charged to a particular Account. **Please Note:** When managing a client's account on a wrap fee basis, the IAR receives as payment for his/her investment advisory services, the balance of the wrap fee after deduction of (1) Baystate Wealth's platform fee (which fee does not change regardless of the amount of transactions), multiplied by the IAR's grid rate established by MMLIS, with Baystate Wealth receiving the residual, if any; and (2) account transaction costs. **Accordingly,** Baystate Wealth has **a conflict of interest** because Baystate Wealth could have an economic incentive to maximize its compensation by seeking to minimize the number of transaction/total costs in a Client's account.

#### Additional Client Fees

The fees charged by Baystate Wealth do not include certain other fees and charges such as any fees imposed by the SEC, wire transfer fees, fees resulting from any special requests that Clients may have, fees or commissions for securities transactions (including without limitation dealer markups and mark-downs) effected through any broker-dealer other than the Custodian or costs associated with temporary investment of Client funds in a money market account. In addition to the fees charged by Baystate Wealth, the Custodian may charge the Client additional miscellaneous fees

(e.g. ACAT fees, wire transfer fees, check re-order fees, etc.). Such fees are available upon request. In addition, there may be fees charged for performance reporting programs and other enhanced reporting programs that may be applicable to the Program Accounts. The fees charged by Baystate Wealth do not include the internal management, operating or distribution fees or expenses imposed or incurred by any mutual fund, exchange traded fund or exchange traded note that the Client's Program Account may hold, which may include 12b-1 fees, early termination fees (which include fees on whole or partial liquidations of fund assets in the account) and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers. Further information regarding charges and fees assessed by a fund company may be found in the appropriate prospectus, and/or annual report of the fund. Clients should read each of the prospectuses for a more complete explanation of these fees and expenses which may include fees for management, administration, servicing, custodial, legal, audit, etc. Any increase in those charges and fees will be borne by the Client regardless of the type of fee arrangement selected by the Client.

Clients may invest directly in mutual funds, ETFs or ETNs (i.e. outside of the Baystate Wealth Program) without paying an advisory fee. Thus, it may be less expensive for Clients to invest in mutual funds, ETFs and ETNs outside of the Program. However, Clients will not receive the services provided by Baystate Wealth under the Program if they choose to buy these securities outside the Program. Baystate Wealth does not represent that the fee a Client pays is the same as or lower than that charged by other sponsors of comparable programs for accounts of comparable size or investment objectives.

Please Note: Fee Differentials. As noted above, the total fee charged to Clients is based upon various objective and subjective factors. As a result, Baystate Wealth's Clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall client meetings, etc. All clients and prospective clients should be guided accordingly.

Please Note: Fees. Please see the discussion above relating to how fees are calculated and determined and the potential for conflicts of interest because of the manner and method by which fees are charged.

#### Termination:

The Client or Baystate Wealth may terminate the Engagement Letter at any time, effective on thirty (30) days' written notice. If the Client did not receive a copy of the Company's Brochure within forty-eight (48) hours prior to the time of executing the Engagement Letter, the client may terminate within five (5) days of establishing a Program account with a full rebate of fees. Termination will not affect the validity of any action previously taken by the Company under the Engagement Letter, liabilities or obligations of the parties from transactions initiated before termination, or the obligation of the Client to pay fees and expenses incurred through the date of termination.

Termination will not automatically result in the redemption or sale of any positions held in the Program Account, and the Client may choose to continue holding the securities in a standard brokerage account or move the holdings to an advisor or broker/dealer of the Client's choosing. However, should the Client not provide instructions to Baystate Wealth on or before the effective date of termination, then Baystate Wealth has the right to liquidate the account and send the cash proceeds to the Client.

On the effective date of termination, Baystate Wealth shall no longer have an investment advisory relationship with the Client and will have no further obligation towards the Client for investment advisory services up to the date of termination. The Client will receive a refund of a pro-rata portion of any pre-paid, but unearned, Program Fee paid in the current quarter. The amount refunded to the Client will be based on the number of days remaining in the quarter on the first business day after the effective date of termination. However, a portion of the fee may be retained in the Client's account sufficient to cover any open or unsettled transactions and to pay for any unpaid Program Fees, account debit balances, and other charges owed by the Client. The Client is responsible to pay for all services rendered, and all transactions effected, up through the date of termination.

Prior to the effective date of termination, the Client is obligated to provide written instructions to Baystate as to where the Program Account or the cash proceeds therefrom should be transferred. If the Client does not provide such written instructions on a timely basis, or in the event of no instructions from the Client, the Program Account assets will be sold and the cash proceeds (less any outstanding fees or charges) will be sent to the Client's address of record. This sale of Program Account assets may result in certain tax and other liabilities for which the Client is responsible.

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

Baystate Wealth does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of clients**

Baystate Wealth provides fee-based discretionary and non-discretionary investment supervisory services and portfolio management primarily to high net worth individuals, ultra-high net

worth individuals, corporate pension and profit sharing plans, closely-held and family businesses, corporations, trusts, foundations and athletes and persons or entities involved in professional and non-professional athletics.

Subject to exceptions made at the discretion of the Company, the minimum account size for Baystate Wealth is \$250,000.00.

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

Baystate Wealth’s methods of security analysis include, without limitation, charting, fundamental analysis and technical analysis. The main sources of information include financial newspapers and magazines, inspections of corporate activities, internal analyses, research materials prepared by others, research received from third parties, annual reports, prospectuses, filings with the SEC and company press releases. The investment strategies used to implement any investment advice given to Clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), securities swaps and options writing, including covered calls and married puts.

The investment advice provided by Baystate Wealth is customized to fit the risk profile, goals, objectives, and other preferences of each individual Client, pursuant to a written IPS developed with and signed off on by the Client. Baystate Wealth actively manages predominantly passive investment vehicles tied directly to a maximum risk level agreed to in advance in writing with the Client (and subject to change at any time with the Client’s written consent). The maximum risk level is just that – a maximum – and Baystate Wealth may manage portfolios below and sometimes well below the maximum risk level, depending on market conditions, strategic and tactical decisions, world events, geo-political events and other factors. Baystate Wealth primarily uses Exchange Traded Funds (“ETFs”), Exchange Traded Notes (“ETNs”), Index Funds, some mutual funds (when the manager’s expenses and fees can be justified by returns), some bond funds and individual fixed-income securities, when appropriate. The cornerstone of Baystate Wealth’s investment strategy is controlling risk, dampening volatility and protecting potential downside risk. Through a combination of asset allocation, active management of passive investments and the Company’s proprietary Risk Assets and Diversification Ratio (“the RAD Ratio™), Baystate Wealth seeks to provide our Clients with superior risk adjusted returns over a number of market cycles.

At the Client’s request, Baystate Wealth will accept transfers in kind and will supervise and manage those securities while reallocating the portfolio more closely with a model portfolio developed by the Company and that corresponds to the Client’s risk profile and tolerance. Baystate Wealth attempts to make this transition on a tax-advantaged basis to the Client, but the tax consequences to the Client depends on a number of factors, including the sizes of the positions, the cost bases of the positions, the Client’s individual tax circumstances and other factors. The transition of the portfolio likely will have some tax consequences to the Client. Baystate Wealth does not



provide tax advice to Clients and Clients should consult their own tax advisors with respect to the tax effect of any transaction.

### **Investing In Securities Involves Risk of Loss**

Investing involves risk, including the possible loss of principal, which the Clients should be prepared to bear. Diversification may not protect against market risks. Asset allocation strategies and diversification do not promise any level of performance or guarantee against any loss of principal. Past performance is no guarantee of future results.

There are risks involved with investing in ETFs and ETNs, including possible loss of money. Index-based ETFs are not actively managed. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Both index-based and actively managed ETFs are subject to risks similar to stocks and other securities, including those related to short selling and margin maintenance. ETNs are subject to credit risk. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks. ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Brokerage commissions and trading costs will reduce returns. An investor should consider investment objectives, risks, charges, and expenses before investing. A description of these items can be found in each fund's prospectus. Past performance for ETFs and ETNs does not guaranty future results.

The investment return and principal value of a mutual fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Investors should consider the investment objectives, risks, and charges, and expenses of the investment company carefully before investing. A description of these items can be found in each fund's prospectus. Past performance for mutual funds does not guarantee future results.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations.

Emerging markets and frontier markets involve heightened risks relative to other sectors of the market, as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility. Narrowly focused investments typically exhibit higher volatility.

Real estate investments are subject to changes in economic conditions, credit risk and interest rate fluctuations.

Commodity-related investments may be speculative and may involve a high degree of risk. Commodities markets have historically been volatile, creating the potential for losses regardless of the length of time an investment is held.

Bond and bond funds likely will decrease in value as interest rates rise. Investment returns and principal values will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost and potentially subject to capital gains taxes. Tax-exempt fixed income strategies invest in securities designed to pay income that is exempt from certain income taxes, but a portion of the income may be subject to federal or state income taxes or the alternative minimum tax. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Baystate Wealth or the integrity of Baystate Wealth's management. Baystate Wealth is not aware of any disciplinary action taken against any the Company or its management. Thus, Baystate Wealth Management, LLC has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

Baystate Wealth participates in "the Platform," which is a brokerage-based platform offered by MMLIS that supports certain investment management programs offered by registered investment advisory firms like Baystate Wealth and other asset managers. IARs of MMLIS who offer the Baystate Wealth Program to Clients do so independent of MMLIS, even though they are registered with MMLIS.

MMLIS is a registered broker-dealer and member firm of FINRA and SIPC, and an SEC registered investment adviser. MMLIS makes the Baystate Wealth Program available to its IARs and to clients of the IARs.

Fidelity acts as the Custodian for assets held in the Baystate Wealth Program. Through the Custodian, Clients of Baystate Wealth are provided broker-dealer, custodial, clearing and administrative services including but not limited to, account set-up, invoicing, trading services and

preparation of periodic reports associated with the advisory services. Fidelity and Baystate Wealth, and Baystate Wealth and MMLIS, are not affiliated with one another.

Baystate Wealth is affiliated through cross-ownership with Baystate Financial Services, LLC (“Baystate Financial Services”). David C. Porter is affiliated with Baystate Financial Services. While Baystate Financial Services has no ownership interest in Baystate Wealth, Mr. Porter is affiliated with both companies. Baystate Financial Services bills separately and is paid separately for the products and services (if any) it provides to Clients of Baystate Wealth. However, because some of the products and services offered to Clients of the Company may be part of an overall wealth management program developed by the Company, there is a potential conflict of interest in the recommendation of products and services offered by or through Baystate Financial.

Baystate Financial Services offers securities and investment advisory products through MMLIS. Baystate Financial Services offers insurance products through Massachusetts Mutual Life Insurance Company and/or affiliated or unaffiliated insurance companies (MML). MML is unaffiliated with Baystate Wealth.

Thomas. O’Connor is a founding partner of the law firm, O’Connor, Carnathan and Mack, LLC (“OCM Mr. O’Connor assumed an “Of Counsel” status with OCM and, as of December 31, 2013. Therefore, as of that date, he is no longer a member of OCM, although he is Of Counsel and thus remains affiliated with OCM. Other than Mr. O’Connor, there is no cross ownership or affiliation by and between OCM, on the one hand, and Baystate Wealth, on the other hand.

Certain of the Company’s employees may be licensed to practice law. However, no such persons provide legal services to any of the Company’s Clients, and no corresponding Attorney-Client relationship is established.

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

Baystate Wealth has adopted a Code of Ethics which sets forth guidelines for professional standards, under which all associated persons of Baystate Wealth are to conduct themselves. The full text of the Code of Ethics is available to any Client by contacting Jill LedgeWood at 617-585-4545. Baystate Wealth has set high standards, the intention of which is to protect Client interests and to demonstrate Baystate Wealth’s commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. The Code of Ethics includes provisions relating to the duties to the Clients, confidentiality of Client information, prohibited acts, conflicts of interest, personal securities transactions, among other things. All associated persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code of Ethics. They must acknowledge the terms of the Code of Ethics annually, or as amended.

Baystate Wealth has instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any associated person who violates the Code of Ethics. The Company has a privacy policy ensuring that personal information of Clients is not disclosed to third parties. However, certain personal information will be disclosed to MMLIS, the IARs and to the Custodian as part of the Platform, but only as needed to conduct investment advisory services related to the services provided by Baystate Wealth to the Client. A copy of the Privacy Policy is available on request and will be sent to the Client on a yearly basis.

#### Potential Conflicts of Interest

Because program transaction fees may be paid by Baystate Wealth and/or the IARs under the Advisory Fee One program, Baystate Wealth could have an economic incentive to minimize the number of trades in the client's account. **Baystate Wealth's Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.**

**Please Note:** When managing a client's account on a wrap fee basis, the IAR receives, as payment for his/her investment advisory services, his or her applicable grid rate of the wrap fee after deduction of: (1) Baystate Wealth's investment management or platform fee (which fee does not change regardless of the amount of transactions); and, (2) account transaction costs. Baystate Wealth receives any residual fees in addition to its platform fee. **Accordingly,** Baystate Wealth has **a conflict of interest** because Baystate Wealth could have an economic incentive to maximize its compensation by seeking to minimize the number of transactions/total costs in the Client's account.

It is likely that IARs will buy or sell securities for their own accounts that are being bought or sold for the accounts of Clients. This is particularly true if the IAR or a family member has accounts with Baystate Wealth.

IARs (or family/household members) having Beneficial Ownership (or control) of a securities account, may not buy or sell a Security within one (1) day before or after executing a transaction in the same security in a Client's Program Account unless the market capitalization of that Security is \$500 million or more.

In addition, an IAR having Beneficial Ownership (or control) of a securities account may not buy or sell the same Security on the same day as a Client Program Account unless;

1. Block Trading is utilized where the Client Program Account(s) and the IAR account get the same price (may only be used in discretionary accounts); or
2. If not using Block Trading, the Client order is entered prior to the IAR's personal trade and the Client receives an equal or a better price.

Generally, accounts are reviewed and monitored on a regular basis by the APMs. Accounts that are to a Model (i.e. invested in a Model Portfolio) are reviewed on a continuous basis as Model Portfolios are reviewed and analyzed by the APMs and the Investment Committee. Unique accounts (i.e. accounts that contain one or more securities not found in a Model Portfolio) are reviewed on an as need basis or as market conditions or tax considerations dictate. In addition, during some Investment Committee meetings, some accounts are reviewed to ensure that the portfolios are being managed to the guidelines set forth in the IPS. Specific account holdings are reviewed when changing market conditions warrant.

The Compliance Department also reviews accounts periodically, when circumstances warrant review, often in conjunction with an APM or as an adjunct to the Investment Committee.

The Custodian provides Clients with monthly statements of their accounts/ portfolios. Quarterly performance reports are made available to Clients by Baystate Wealth. In addition, the IAR and/or officers of the Company typically meet with the Client at least annually to review the accounts.

If a Client is introduced to Baystate Wealth by either an unaffiliated or an affiliated solicitor, Baystate Wealth may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the total investment management fee, and shall not result in any additional charge to the Client. If the Client is introduced to Baystate Wealth by any unaffiliated solicitor, the solicitor at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship and shall provide each prospective Client with a copy of Baystate Wealth's written Brochure and a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between Baystate Wealth and the solicitor, including the compensation to be received by the solicitor from Baystate Wealth.

In addition, Baystate Wealth may on occasion act as a solicitation agent for other investment advisory firms. In those circumstances, Baystate Wealth will comply with Rule 206(4) -(3) of the Investment Advisers Act of 1940.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Baystate Wealth's financial condition. Baystate Wealth has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

**ANY QUESTIONS:** Baystate Wealth's Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a Client or prospective Client may have regarding the above disclosures and arrangements.

## Item 12 – Brokerage Practices

All transactions for Baystate Wealth’s advisory service will be effected by Baystate Wealth through the Custodian.

### Execution Quality

When the Company invests directly for its Clients, it will use the Custodian to effect such transactions and the Client agrees that the Custodian is authorized to effect such transactions at the direction of Baystate Wealth.

### Custodial Relationship

Baystate Wealth has a “custodial” relationship with Fidelity. Through this arrangement, Fidelity provides custodian and record-keeping services and performs the following functions, among others: (1) arranging for the receipt and delivery of securities purchased, sold, borrowed and loaned; (2) making and receiving payment for securities; (3) custody of securities; (4) custody of all cash, dividends and exchanges, distributions and rights accruing to an account; (5) tendering securities in connection with cash tender offers, exchange offers, mergers or other corporate reorganizations; and (6) providing monthly, quarterly and/or year-end statements to Clients.

All trades made by the Company on behalf of the Client will be through the Custodian. In recommending use of the Custodian, the Company will attempt to minimize the total cost for all brokerage and transactional services paid by the Client. However, it is the case that the Custodian may charge a higher fee for a particular type of service than can be obtained from another broker or custodian. It may also be the case that the total costs of all services provided through the Program may be higher than can be obtained at another broker or custodian.

Baystate Wealth does not maintain any so-called “soft dollar” arrangements with any provider of services.

## Item 13 – Review of Accounts

Generally, accounts are reviewed and monitored on a regular basis by the APMs. Accounts that are to a Model (i.e. invested in a Model Portfolio) are reviewed on a continuous basis as Model portfolios are reviewed and analyzed by the APMs and the Investment Committee. Unique Accounts (i.e. accounts that contain one or more securities not found in a Model portfolio) are reviewed on an as need basis or as market conditions or tax considerations dictate. In addition, during some Investment Committee meetings, Accounts are reviewed to ensure that the portfolios are being managed to the guidelines set forth in the IPS. Specific Account holdings are reviewed when changing market conditions warrant.

The Compliance department also reviews Accounts periodically, when circumstances warrant review, often times in conjunction with an APM or as an adjunct to the Investment Committee.

The Custodian provides Clients with monthly statements of their accounts/ portfolios. Quarterly performance reports are made available to Clients by Baystate Wealth. In addition, the IAR and/or officers of the Company typically meet with the Client at least annually to review the accounts.

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

If a Client is introduced to Baystate Wealth by either an unaffiliated or an affiliated solicitor, Baystate Wealth may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the total investment management fee, and shall not result in any additional charge to the Client. If the Client is introduced to Baystate Wealth by any unaffiliated solicitor, the solicitor at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship and shall provide each prospective Client with a copy of Baystate Wealth's written Brochure and a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between Baystate Wealth and the solicitor, including the compensation to be received by the solicitor from Baystate Wealth.

In addition, Baystate Wealth may on occasion act as a solicitation agent for other investment advisory firms. In those circumstances, Baystate Wealth will comply with Rule 206(4) -(3) of the Investment Advisers Act of 1940.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Baystate Wealth's financial condition. Baystate Wealth has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

Additional Benefit: Baystate Wealth may also receive monetary assistance from mutual fund and exchange traded fund sponsors to help defray the costs of internal educational programs sponsored by Baystate Wealth, at which the sponsors may make a presentation. However, there is no corresponding commitment made by Baystate Wealth to any such sponsor or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. Baystate Wealth's Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

## **Item 15 – Custody**

Clients will receive monthly statements from the Custodian that holds and maintains the Client's investment assets. Baystate Wealth urges all Clients to carefully review such statements and compare such official custodial records to the account statements that Baystate Wealth may provide to Clients. Baystate Wealth's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Baystate Wealth usually receives discretionary authority from the Client at the outset of the advisory relationship to select the identity and the amount of securities to be bought or sold in Accounts. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining amounts, Baystate Wealth observes the investment policies, limitations and restrictions of the Clients for which it advises. For registered investment companies, Baystate Wealth's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions imposed by the Client must be provided to Baystate Wealth in writing by the Client in the IPS and must be approved by Baystate Wealth.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Baystate Wealth does not have any authority to and does not vote proxies on behalf of Clients. Instead, Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Baystate Wealth's financial condition. Baystate Wealth has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.

ANY QUESTIONS: Baystate Wealth's Chief Compliance Officer, Jill Ledgewood, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.