

## BOSTON PRIVATE WEALTH LLC

### FORM ADV PART 2A

One Federal Street  
30th Floor  
Boston, MA 02110

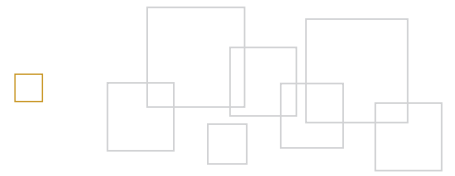
617.223.0200

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

Form ADV Part 2, our “Disclosure Brochure” or the “Brochure,” is required by the Investment Advisers Act of 1940 and is an important document between Clients (you, and your) and Boston Private Wealth LLC (BPW, Boston Private Wealth, us, we, and our). This Brochure provides information about the qualifications, services, and business practices of BPW.

If you have any questions about the contents of this Brochure, please contact us at 617.223.0200 or [compliance.wealth@bostonprivate.com](mailto:compliance.wealth@bostonprivate.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Boston Private Wealth also is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select “investment adviser firm” and type in our firm name or our CRD number (#172832). The search results will provide you both Parts 1 and 2 of our Form ADV.

We are a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, include information for your use in evaluating us as well as other advisers in your decision to hire us or to continue to maintain a mutually beneficial relationship with us.



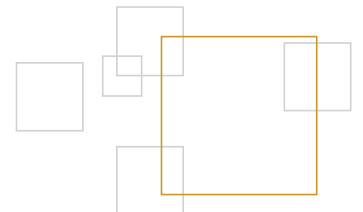
## ITEM 2 – MATERIAL CHANGES

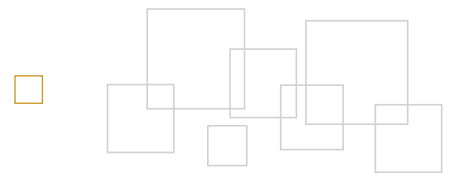


This Brochure, dated March 29, 2019, represents an annual update to the Brochure dated March 30, 2018. The following is a summary of the more significant updates that were made to this Brochure since the last annual update:

- Item 4 – Advisory Business – We removed the language about Model Platform Services as BPW no longer participates in such platforms.
- Item 14 – Client Referrals and Other Compensation – We updated our disclosures around the practice of referring clients between BPW and its banking affiliate, Boston Private Bank & Trust Company (“BPBTC”). We also added disclosures about the new FDIC insured cash sweep program that is now offered to eligible advisory clients of BPW by its banking affiliate BPBTC.

Please note that this section of the Brochure discusses only material changes since the last annual update of our Brochure. For any future material changes to this and subsequent Brochures, we will at no charge provide you with a summary of material changes within 120 days of the close of our fiscal year, or more often as necessary.



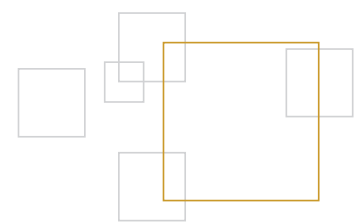


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## ITEM 4 – ADVISORY BUSINESS

Boston Private Wealth LLC (“BPW”), is an SEC-registered investment adviser with a national presence dedicated to delivering custom investment management and comprehensive wealth solutions.

BPW is structured as a limited liability company formed pursuant to Massachusetts law and is headquartered in Boston, Massachusetts.

BPW is a wholly-owned subsidiary of Boston Private Bank & Trust Company (“BPBTC”).

BPW’s investment and client advisory teams provide depth of experience in investment management and wealth planning, delivering the firm’s institutional-quality solutions with an innovative approach. BPW’s financial professionals are available to meet with clients across the country. Our corporate headquarters are in Boston, Massachusetts and key regional offices are located in:

Beverly Hills, California;  
Fort Lauderdale, Florida;  
Lake Oswego, Oregon;  
Naples, Florida;  
Palm Beach Gardens, Florida;  
San Francisco, California; and  
San Mateo, California

BPW offers a comprehensive and customized set of wealth management and investment management services with dedicated resources designed to specifically respond to our clients’ unique needs. High net worth individuals, families, trusts and organizations, including foundations and endowments, select BPW to manage their wealth.

We emphasize a holistic, client-centric approach to highly customized investment solutions focused on portfolio construction and delivered by skilled and experienced professionals. BPW offers the resources of a large firm with a commitment to the personal, one-on-one service of a smaller boutique.

BPW’s services may be provided on either a discretionary or non-discretionary basis but the majority of our clients utilize our discretionary investment management services. In addition, we provide Wealth Management, Investment Consulting and Financial Planning services. In constructing client portfolios, BPW considers an array of investment vehicles across multiple asset classes, geographies and market capitalizations. We utilize both internally managed strategies as well as external money managers to complete our full suite of investment solutions. Our external managers provide access to both traditional strategies and alternative strategies with access to real estate, private equity, and liquid alternatives.

The majority of our clients make use of our discretionary investment management services which require written authorization to make investment decisions on clients’ behalf. Using that authority, BPW will make all decisions to buy, sell or hold securities or other investments, including cash, clients’ and/or allocate assets as determined by clients’ individual investment objectives and risk tolerances. We monitor client account(s) and proactively buy and sell positions when we believe it is appropriate to help achieve your investment objectives.

BPW’s discretionary authority also includes the ability to select external managers to manage your assets.

BPW also offers non-discretionary investment services for select clientele who prefer to implement their own transactions based on the advice provided by BPW. These services include providing investment recommendations based on your investment objectives, risk tolerance and financial circumstances. BPW’s non-discretionary recommendations may include asset allocation advice and specific investments. Under a non-discretionary relationship with BPW, it will be your decision to implement our recommendations. We will provide ongoing and continuous guidance as dictated by our written agreement with you.

As of December 31, 2018, BPW managed the following asset amounts:

Assets Under Management	\$6,789,176,351
Assets Under Advisement	\$603,678,765
Total Assets	\$7,392,855,116

## INVESTMENT MANAGEMENT SERVICES

BPW manages investment portfolios comprised of various investment vehicles including equities, fixed income securities, mutual funds, and exchange traded funds, and limited partnership vehicles. With a team of investment professionals specializing in specific market segments, BPW’s investment team is distinguished by its experience and its commitment to uncovering and analyzing investment opportunities for clients.

BPW provides a broad range of Investment Management and Advisory Services, offering investment analysis and portfolio construction over a broad range of investment styles. Our services listed above are described in more detail below and also in Item 8.

## CUSTOM PORTFOLIO SERVICES: FIXED INCOME, BLENDED, ASSET ALLOCATION

BPW’s approach to comprehensive investment management begins with an assessment of your personal investment objectives. After this assessment, we create custom portfolios, which can include individual equities, individual fixed income securities, mutual funds, ETFs, and/or limited partnerships.

The overall asset allocation is determined by the client’s investment objectives as described above; the appropriate risk tolerance is then defined based on that assessment, and falls within one of the following six categories:

- Aggressive Growth
- Growth
- Balanced Growth
- Balanced Income
- Income
- Conservative Income

In implementing the solution for these customized portfolios, certain of BPW’s proprietary investment strategies, as described below, may be used to fulfill certain allocations.

In addition, as part of our discretionary investment advisory services, BPW may choose to use independent managers as sub-advisers over certain assets or strategies provided to BPW’s clients. The sub-adviser shall be authorized to buy, sell and trade in securities in accordance with client investment objectives as communicated by BPW. BPW is authorized to terminate or change

independent managers, when, in our sole discretion, we believe such a termination or change is in our clients' best interests.

Note that BPW's investment management fees do not include the fees embedded within a client's investment in mutual funds or ETFs, or the fees payable to a sub-adviser or third-party manager.

BPW's custom portfolio services also include a comprehensive review of your existing holdings and asset mix to ensure a streamlined and tax efficient transition of your assets and/or securities – all aligned to your personal investment objectives. Each client will be served by a team of dedicated investment professionals who are trained to respond specifically to each client's unique requirements.

## CONCENTRATED HOLDINGS SERVICES

We have many clients who seek expertise in handling concentrated security holdings. We provide analysis, research, monitoring, and active management and will design diversification strategies for clients with concentrated securities holdings. Our services for management of concentrated security holdings are provided on a pre-approved basis and will require a preliminary review of your portfolio by one of our investment professionals. These services may include, where deemed suitable, options strategies to minimize risk and/or generate additional income to enhance portfolio returns.

## PROPRIETARY SEPARATE ACCOUNT STRATEGIES

BPW offers a suite of proprietary separate account strategies that utilize primarily individual equities and/or fixed income securities, but may also include exchange traded funds, and/or mutual funds. These solutions are designed to provide a foundation for your investment portfolios through both diversification and active management. Our proprietary separate account strategies may be used exclusively or in combination with other strategies within your aggregate portfolio. Certain of these strategies are based on quantitative and/or qualitative approaches. They may also employ proactive but limited use of inverse securities and protective cash positions to help reduce the impact of severe market declines.

Our proprietary separate account strategies typically are managed in accordance with the client's chosen BPW objectives and risk tolerances. The investments utilized for a proprietary strategy are selected on the basis of achieving the stated objectives of the strategy. The use of, and allocation to BPW's proprietary strategies in your portfolio will be chosen based on your overall risk tolerance, time horizon, and investment objectives. BPW's professionals will offer specific guidance about which strategy or combination of strategies will be best suited to achieving your overall objectives and the proper allocations within your portfolio framework.

## INVESTMENT CONSULTING SERVICES

As an investment consultant, BPW provides clients with advice and information required to make informed decisions about their entire net worth or components of their net worth. The consulting platform has a flexible framework, which allows us to customize our offering and the services provided to meet your unique goals and objectives.

Specific investment consulting service options include, but are not limited to, the following:

### Diagnostic Review

- Review client's current investment process
- Review client's current investment advisory engagements
- Provide executive summary of our observations and recommendations

## Investment Policy and Governance Design

- Investment council/committee design
- Investment policy development and design
- Investment adviser oversight and coordination protocols

## Asset Allocation Services

- Strategic and tactical asset allocation
- Asset allocation modeling
- Custom strategic asset allocation framework design

## Portfolio Construction and Implementation

- Access to BPW's open architecture platform
- Equity and fixed income strategies
- Concentrated security management

## Performance Measurement, Reporting and Analysis

- Custom benchmarking
- Custom reporting
- Strategy performance analytics

## Custom Investment Solutions

- Customized security research
- Custom manager searches

As part of our Investment Consulting Services, BPW may also provide discretionary investment advisory services in combination with other (non-discretionary) investment consulting services.

## WEALTH ADVISORY & FINANCIAL PLANNING SERVICES

BPW offers a range of wealth management and financial planning services. In providing wealth management and financial planning services, we provide clients with advice and information required to make informed decisions about their entire net worth or components of their net worth. The wealth management and financial planning platform has a flexible framework which allows us to customize our offering and the services provided to meet the unique goals and objectives of each of our clients.

Our internal wealth management team includes licensed and designated financial professionals including CFP®s, CPAs, CTFAs, CFA®s, AIF®s, CPFA®s and attorneys who are trained to guide you on a wide variety of wealth and financial planning matters. Our professionals will work closely with your personal advisors or may recommend outside professionals when necessary to provide specific guidance and develop tax and wealth management strategies. BPW can provide a comprehensive financial planning review or provide annual financial planning reviews to assess your current personal goals and objectives.

BPW's Wealth and Financial Planning services include:

- Vision statement that may include a client's financial, philanthropic, tax and wealth transfer objectives
- Income and retirement planning
- Protection planning
- Investment management planning
- Legacy Planning
- Philanthropic Planning
- Business Succession Planning
- Executive Planning
- Education Analysis
- Estate Plan analysis and review
- Insurance and risk management review
- Cash flow and debt management
- Compensation and benefits
- Donor advised funds

Information describing our minimum requirements to establish a relationship, specific account minimums and fees are outlined in Item 5 of this Brochure.

## RETIREMENT PLAN ADVISORY SERVICES

BPW's retirement plan advisory (RPA) team are specialists at counseling businesses on effective plan governance and delivery of employee retirement benefits. The RPA Team provides these services to assist plan sponsors, plan trustees and investment committees to meet their fiduciary responsibilities. The RPA team services include preparation of Investment Policy Statements, evaluation and selection of investment options, investment evaluation and reporting and advising clients on education and communication with plan participants. The RPA team counsels plan fiduciaries with its expertise in plan governance, risk assessment and expense analysis.

## WRAP-FEE PROGRAMS

BPW participates in wrap-fee programs under which we act as the discretionary investment manager. Accounts maintained under these wrap-fee programs are managed in the same manner and along-side our non-wrap accounts. In consideration for our investment management services provided under these programs, we receive a portion of the total fee charged to the client by the program sponsor.

## HOW WE TAILOR OUR ADVISORY SERVICES TO THE INDIVIDUAL NEEDS OF CLIENTS:

Clients can work with an experienced client wealth advisor to develop and implement a personalized investment plan designed to meet client needs. We begin with a thorough understanding of your goals, risk tolerance, growth expectations, tax situation, and income needs. Then we carefully construct a comprehensive investment and wealth management plan to help you realize your objectives.

We will perform on-going monitoring of your account(s), provide you with periodic reports at your request, and conduct periodic investment reviews. We will also discuss with you any limitations or restrictions you wish to impose on your accounts and make a mutual determination as to their application(s).

Clients may place reasonable restrictions on their accounts such as specific investment selections and sectors. However, BPW may choose not to accept a client whose investment objectives or restrictions may be considered incompatible with our investment philosophy or approach.

## ITEM 5 – FEES AND COMPENSATION

BPW enters into a written investment management agreement with each client prior to providing services. This agreement describes the scope of BPW's services and responsibilities as well as our fees for services. BPW's standard billing policy is to bill quarterly in advance. If you do not receive a quarterly bill based on your current relationship, your fee statements are available at any time upon request.

BPW may grant exceptions to minimum requirements for pre-existing clients, related households, or on a pre-approved basis only. In addition, BPW may have different billing practices for pre-existing clients and may choose to grant exceptions on a pre-approval basis.

We assess fees in several ways, dependent upon the agreement with each client:

- We charge an asset-based fee calculated as a percentage of the market value of your account for both discretionary and non-discretionary investment services;
- We charge a flat fee for Wealth Management and Financial Planning services; and
- We may assess hourly charges for our Wealth Management and Financial Planning services.

*Note: Investment Consulting fees may be a combination of flat fees and asset-based fees, depending on each client's needs, and also may include hourly fees, as applicable.*

Our fees for discretionary and non-discretionary investment services are based on our standard fee schedule (see fee schedule below). Financial planning fees will be calculated based on a charge of \$300 per hour, but depending on the nature and complexity of the client's circumstances, that rate may be discounted on a client by client basis. BPW also charges fixed annual fees for certain Family Office services. Certain client accounts may have different fees and/or minimum requirements and fees may be negotiable. BPW does not receive brokerage commissions, transaction costs or other related brokerage expenses (see Additional Fees and Expenses not paid to BPW, below).

**Wrap Account Fees** Wrap account clients are charged a bundled fee by the wrap program sponsor. The bundled fee includes fees related to custody, brokerage, commissions, investment management and other services as negotiated between the client and the wrap program sponsor. The wrap program sponsor calculates and pays us a fee quarterly for providing investment management services based on a percentage of account market values. This quarterly fee is either paid to us in advance or in arrears based on the wrap program sponsor's practices. Our management fees for wrap accounts range from .15% to .50%. Note that these fees are what BPW receives, not the "wrap fee" amount paid by the client.

## AUTOMATIC FEE DEDUCTION/BILLING

When client funds and securities are held with certain custodians, we will deduct our fees directly from the client's account, pursuant to authorization included in our investment management agreement and other account opening documents. Some clients, may receive an invoice and pay by check. Otherwise, we will send an invoice to your custodian, who will be authorized to deduct fees directly from your account. Account statements sent directly from your custodian will show all transactions in your account, including our fees. BPW carefully reviews client billing; however, it is ultimately the responsibility of the client, not the custodian, to verify that the advisory fee being deducted from your account is correct.

## TERMINATION

BPW generally requires a written notice of termination. Upon such notice, BPW will cease making investment decisions for you and implement any reasonable written instructions that you provide. Your investment management agreement will be terminated only after any open trades have been settled. We will refund to you any fees, pro-rated, using the account's market value on the last day of the previous quarter and the account closing date by either (a) a credit in your account or (b) by check.

You shall have five (5) business days from the date of execution of our investment management agreement to terminate our services for a full refund.

STANDARD FEE SCHEDULE IS AS FOLLOWS:

Investment Management Option	Annual Fee Rates as % of Assets
<ul style="list-style-type: none"> <li>Equity and Blended Strategies</li> </ul>	1.25% on the first \$1,000,000 1.15% on the next \$1,500,000 0.90% on the next \$7,500,000 0.70% on the balance Minimum relationship size is \$1,000,000 Minimum Annual Fee \$10,000*
<ul style="list-style-type: none"> <li>Tactical Strategies</li> </ul>	1.25% Minimum relationship size is \$1,000,000 Minimum account size is \$250,000 <i>(Breakpoints may be available for accounts over \$1 million)</i> Minimum Annual Fee \$6,000*
<ul style="list-style-type: none"> <li>Custom Option Overlay: <i>(additional fee added to Investment Advisory fee as noted above)</i></li> </ul>	0.25% - 0.50% Minimum relationship size is \$2,500,000
<ul style="list-style-type: none"> <li>Concentrated Holdings Services</li> </ul>	Fees Negotiable Minimum account size is \$2,500,000
<ul style="list-style-type: none"> <li>Investment Grade Fixed Income Strategies</li> </ul>	0.50% on the first \$5,000,000 0.40% on the next \$10,000,000 0.30% on the balance Minimum account size is \$250,000
<ul style="list-style-type: none"> <li>High Income Bond Strategy</li> </ul>	0.75% on the first \$5,000,000 0.50 on the balance Minimum account size is \$1,000,000
<ul style="list-style-type: none"> <li>Short Term Bond Strategies</li> </ul>	0.25% on the first \$10,000,000 0.20% on the next \$15,000,000 0.15% on the balance Minimum account size is \$3,000,000 Minimum relationship for a fixed income account: \$1,000,000 Minimum Annual Fee \$5,000*
<ul style="list-style-type: none"> <li>Investment Consulting Services</li> </ul>	0.50% on the first \$25,000,000 0.40% on the next \$25,000,000 0.30% on the next \$50,000,000 0.20% on the balance
<ul style="list-style-type: none"> <li>Investment Advisory Services to Retirement Plans</li> </ul>	0.50% on the first \$2,500,000 0.40% on the next \$2,500,000 0.30% on the next \$5,000,000 0.20% on the next \$10,000,000 0.10% on assets over \$20,000,000 Minimum Annual Fee \$5,000 Maximum Annual Fee \$50,000

\* Minimum Annual Fees will apply to the aggregate of Client's account(s).

## ADDITIONAL FEES AND EXPENSES NOT PAID TO BPW

**External Separate Account Manager Fees** In situations where BPW engages an external separate account manager as a sub-adviser to manage a client's assets, the client will be responsible for paying all fees charged by the separate account manager on those assets in addition to BPW's investment management and advisory fees.

**Mutual Fund and ETF Management Fees** Investments in mutual funds and exchange-traded funds generally include an embedded investment management fee paid to the investment adviser of the mutual fund or exchange-traded fund. As such, client accounts with investments in those types of securities will be subject to two layers of management fees. An explanation of the fees and expenses associated with each mutual fund is contained in that mutual fund's prospectus.

**Mutual Fund Transaction Fees** Depending on the custodian, BPW may be able to purchase mutual funds with no transaction fees. Note that clients who do not trade through specific custodians may not be eligible for these waived transaction fees. Fees may be imposed upon early redemption if the fund was owned prior to our management or if we sell the fund in our discretion. An explanation of the fees and expenses associated with each mutual fund is contained in that fund's prospectus.

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

**Brokerage Fees** BPW does not charge for brokerage commissions, transaction fees, exchange fees, SEC fees or other related trading costs and expenses. Such commissions, fees and costs would be charged directly to clients by the clients' custodian and/or broker-dealer. The following is a list of additional fees and expenses that may be directly billed or borne proportionately by you and third parties:

Brokerage fees, commissions, transaction fees, custodial fees, transfer taxes, odd-lot differentials, margin interest, deferred sales charges (on mutual funds or annuities), wire transfer and electronic fund processing fees, advisory fees and administrative fees charged by mutual funds and exchange traded funds (ETFs).

The fees listed above would be charged by and paid to a broker-dealer, custodian, mutual fund company, or annuity issuer, as applicable.

Transaction fees in client accounts can vary due to (1) different pricing or fees charged by different brokers or custodians, (2) different fee structures due to legacy arrangements made by predecessor firms, and (3) the broker used for any particular trade. Custodian statements may display certain transaction fees per trade, but commissions on certain statements or for certain transactions will be reflected in the net share price and not disclosed separately. In certain situations, and for certain transactions, transaction fees may be charged by the custodian to BPW. See Item 12 Brokerage Practices for more information.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Currently, BPW does not charge performance based fees.

## ITEM 7 – TYPES OF CLIENTS

BPW provides investment advisory, consulting and wealth management and financial planning services to a wide variety of clients. BPW's clients include:

- Individuals;
- Trusts, estates and charitable organizations;
- Family Offices;
- Corporations or other business entities;
- Banking and Trust companies;
- Not-for-profit entities, including foundations;
- Retirement and profit sharing plans including IRAs and 401(k) accounts;
- State or municipal government entities; and
- Other investment advisers

Minimum requirements for opening an account are disclosed on our Standard Fee Schedule, under Item 5, Fees and Compensation. Minimum account sizes, relationship sizes, and fees may vary.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

**Methods of Analysis** BPW uses fundamental, quantitative and technical analysis in evaluating securities. Fundamental analysis involves looking at economic, financial and other qualitative and quantitative factors in an effort to measure a security's value. We use various financial databases to screen publicly traded companies to identify a smaller universe of candidates that meet our criteria for growth, value and income (dividends). We rely on tools such as Bloomberg Professional, Morningstar Direct, FactSet and BondEdge. We also use commercially available technology, financial periodicals and other publications, SEC filings, and financial statements to assist with our analysis. In certain instances, we may use outside consultants to provide expertise in particular areas or for more in-depth analysis, and views and analyses received from broker-dealers ("sell-side research") may be considered as part of BPW's evaluation process as well.

Our investment selection process for fixed-income securities is based on the specific client's/strategy's goal for liquidity, our portfolio manager's outlook, and our view of the environments for interest rates and corporate and/or municipal credit.

Our investment team uses a rigorous due diligence review process to select outside manager strategies that may be available to our clients. This review includes quantitative and qualitative analyses to assess each manager's likelihood of generating strong future returns as well as to measure the risks associated with the generation of those returns. BPW's investment team proactively monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The team's ongoing screening process is also designed to uncover new external investment strategies. This process is applied to the selection of mutual funds and ETFs, as well as external manager separate accounts and limited partnership structures. BPW's investment platform provides access to the following:

**External Manager Separate Accounts** BPW may engage any U.S. registered investment adviser as a separate account manager to manage a client's assets on behalf of a client and at the client's expense. Separate accounts allow investors to own securities directly rather than indirectly through ownership of a fund.



**Mutual Funds and ETFs** BPW's third party search and selection team evaluates, selects and monitors mutual funds and ETFs across multiple asset classes and investment styles through a rigorous qualitative and quantitative analysis process.

**Donor Advised Funds** If a client has an interest in charitable giving, BPW may allocate a portion of the client's assets to a donor advised fund. Under our arrangement with each foundation we work with, the foundation administers the donor advised funds for clients and BPW manages the assets in these donor advised funds.

**Alternative Investments** BPW will evaluate, select and monitor alternative investments for qualified clients. These may include investments in private equity, hedge funds, real estate, commodities or liquid alternatives.

**Derivative Investments** BPW will evaluate, select and monitor investments in derivative instruments for qualified clients. These include sophisticated option-based strategies.

**Proprietary Strategies** Our proprietary strategies include equity, fixed income, options, and tactical strategies described under "Proprietary Separate Account Strategies" below.

## PROPRIETARY SEPARATE ACCOUNT STRATEGIES

**Equity** BPW offers several proprietary equity strategies designed to meet your investment objectives. Strategies include core, growth, income-oriented, small-mid cap and all cap.

**Fixed Income** BPW's fixed income strategies include taxable, tax-exempt, short duration and high-yielding portfolios. Fixed income strategies can be customized to meet your unique parameters specific to tax status and state of residence, target duration, credit quality, and cash flow needs.

**Tactical** BPW offers quantitatively managed strategies that are designed to participate in market growth and protect against market declines by increasing cash and short term fixed income holdings in down markets. BPW's tactical suite is designed to complement a traditional, diversified stock and bond allocation and provide a way to actively adjust your exposure, reducing risk in times of severe market stress. The primary objective of the tactical suite is to seek to protect principal in volatile markets with a secondary objective of growing wealth in rising markets.

## RISK OF LOSS

All investments involve the risk of loss of your principal (invested amount) and any profits that have not been realized (the securities have not been sold to "lock in" the profit). Markets can be volatile and prices of stocks, bonds, commodities and other investments can fluctuate substantially over time. Other factors such as economic and political events also can affect the performance of your investments. There is no guarantee that you will not lose money or that you will meet your investment objectives. We encourage you to discuss any questions with us that may arise regarding our investment philosophy and your portfolios throughout the course of our relationship.

Any investment managed for clients by BPW or external investment managers could decrease in value as a result of the following events.

**Market Risk** A decline in the stock market could depress the prices of stocks and other equity securities in a client's portfolio.

An increase in interest rates or a change in the relationship between different market interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

**Event Risk** An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds.

The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency.

Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.

**Liquidity Risk** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions. Certain investments including private placement vehicles are inherently illiquid and therefore involve additional risks.

**Domestic and/or Foreign Political Risk** The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.

**Inflation Risk** Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.

**Derivative Instruments** Investing and engaging in derivative instruments and transactions, including options, commodity funds and commodity exchange traded funds ("ETFs"), may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

- **Possible Leverage** A derivative instrument or transaction may disproportionately increase an account's exposure to the market for the assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets. Leverage will tend to magnify both the positive impact of successful investment decisions and the negative impact of unsuccessful investment decisions on an account's performance.
- **Counterparty Credit Risk** An account's ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract (a "counterparty") to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.
- **Lack of Correlation** The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's

assets being incompletely hedged or not completely offsetting price changes in the derivative position.

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

**Margin Accounts** Some of our investment strategies require that you maintain a margin account. Clients who purchase securities may pay for them in full or may borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with you to determine if it is appropriate for your portfolio but, in general, would like for you to know about some of the major risks of trading on margin.

- You can lose more funds than you deposit in a margin account.
- The broker-dealer holding your account can force the sale of securities in your account.
- The broker-dealer can sell your securities without contacting you.
- You are not entitled to an extension of time on a margin call.

## ITEM 9 – DISCIPLINARY INFORMATION

Neither BPW nor any of its employees have any disciplinary matters to disclose regarding BPW's advisory and investment management business or the integrity of its management or employees.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

BPW is a wholly-owned subsidiary of BPBTC; a Massachusetts state chartered trust company. BPBTC is a wholly-owned subsidiary of Boston Private Financial Holdings, Inc. ("BPFH"). BPFH is a national financial services organization with Wealth Management and Trust and Private Banking affiliates.

BPFH has controlling ownership interests in other registered investment advisers, which, although affiliated with BPW through common control, operate independently from Boston Private Wealth and BPBTC. Although BPW is affiliated with several entities engaged in financial services, none of the affiliations create a conflict of interest with respect to BPW's clients. BPFH is publicly held and shares of BPFH are traded on the NASDAQ stock market (ticker BPFH).

BPW is not affiliated with a securities broker-dealer or futures commission merchant. Certain BPW employees may serve on corporate boards; however, such board participation requires approval by BPW's senior management and a determination that it does not create any material conflict for BPW or the employee involved.

Certain of BPW's employees are also employees of BPW's parent company, BPBTC. As BPW is wholly owned by BPBTC, there are no conflicts related to their status as "dual" employees, except for those conflicts related to certain compensation arrangements disclosed under Item 14 below. Their "dual" status reflects their job functions and responsibilities as they relate to BPW's and BPBTC's respective wealth management and trust and fiduciary activities, which are complementary.

## SUB-ADVISORY SERVICES

BPW has entered into sub-advisory agreements with BPBTC to provide discretionary investment management services for investment management and trust assets for which BPBTC serves as a trustee or investment manager. These services are substantially similar to the services provided to other BPW clients. Furthermore, the personnel currently involved in providing investment management of said assets are employees of BPW.

## SALES OF FIDELITY-ISSUED ANNUITY

BPW has partnered with Fidelity Investments Life Insurance Company to offer an annuity issued by Fidelity that utilizes our professional investment management of the underlying sub-accounts (our Managed Annuity Strategy). BPW does not receive any special compensation or financial incentive from Fidelity, any of its affiliates, or any sub account managers with respect to annuities issued by Fidelity.

As part of its fiduciary duties to clients, BPW endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BPW or its related persons in and of itself can create a potential conflict of interest and may have indirectly influence BPW's choice, or recommendation to its clients, of non-transaction fee mutual funds not sponsored by Fidelity for investment in Fidelity Accounts.

## ITEM 11 – CODE OF ETHICS

Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act") requires all investment advisers to establish, maintain and enforce a Code of Ethics. Accordingly, the Act places a fiduciary standard on the adviser to act in the best interest of each client.

BPW has implemented procedures relating to personal securities transactions and insider trading. They are designed to identify and prevent or mitigate actual conflicts of interest and to resolve such conflicts appropriately, if they do occur. Any person who fails to observe our Code of Ethics and related firm policies risks serious sanctions, including dismissal.

BPW has adopted a Code of Ethics whereby all employees are considered "Access Persons" of the Firm. Access Persons are individuals who may have access to non-public information, or regarding our investment strategies and advice. All of our employees are subject to this Code and are expected to comply with applicable laws, exhibit high ethical standards and to place clients' interests first. The fiduciary duty of an adviser and its representatives is a core principle underlying the adviser's Code of Ethics and sets out the responsibility of the adviser to place the interests of clients ahead of its own. Our employees are required to report all personal securities transactions. They also must report their holdings initially and on at least a quarterly basis. BPW employees are required to report all securities transactions and holdings except for transactions (and holdings) in: U.S. government obligations; money market funds; bankers acceptances; bank CDs; commercial paper; high quality short-term debt instruments; shares issued by money market funds; open end mutual funds

registered in the US and shares issued by unit investment trusts that are exclusively invested in open-end mutual funds registered in the US. Our Compliance team is responsible for reviewing employee transactions and holdings.

In certain instances, BPW employees may invest in the same securities that BPW recommends to its clients. Such transactions are reviewed by BPW's Compliance team and if such transactions are permitted, it is because BPW believes that such transactions do not present a conflict of interest considering the markets and liquidity for the securities traded. Our Code of Ethics also provides that our employees may not serve on the board of directors of any public company, including mutual fund boards of trustees without approval. Employees must obtain prior written permission to serve as a trustee on a client account other than the account of a family member or to serve as a trustee or a board member for any charity or not for profit entity. Our employees do, in fact, serve various charitable, civic and community causes. If such service is approved, it is because it does not create any conflict of interest.

You may request a complete copy of our Code of Ethics by contacting the Compliance team at the address or email address on the cover page of this Brochure.

## ITEM 12 – BROKERAGE PRACTICES

When clients do not direct us to trade through a particular broker-dealer, BPW uses independent brokers and dealers to purchase and sell securities for client accounts. In selecting brokers and dealers to effect client transactions, we try to obtain for clients (1) the prompt execution of client transactions while market conditions still favor the transaction and (2) the most favorable net prices reasonably obtainable. This is called "best execution." In placing orders to purchase and sell equity securities, BPW selects brokers it believes will provide the best overall qualitative execution given the particular circumstances.

Brokerage fees charged to clients for trades executed through clients' custodians and other broker-dealers may vary. There may be specific terms, fees, or commission schedules associated with trading with qualified custodians' affiliated broker-dealers. The trading desk takes into consideration any applicable terms, fees and commissions imposed by the applicable custodians, and seeks to execute trades through the most cost effective broker-dealer without sacrificing execution quality. As a result the price and the commission rates at which trades are executed may vary with the executing broker and the applicable custodian.

Brokers identified and approved as equity trading partners are listed on BPW's "Equity Broker Approved List." When selecting a new equity broker, our investment team conducts a due diligence review of the broker to evaluate whether the broker is likely to provide best execution. We may consider any of the following factors:

- The quality of services provided (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range)
- The extent of coverage of the various markets BPW trades in
- The broker's ability to communicate effectively
- The broker's ability to execute and settle difficult trades
- Whether or not the broker offers lower cost electronic trading
- The broker's clearance and settlement efficiency
- Whether or not the broker can handle BPW's range of order sizes
- The broker's ability to maintain confidentiality and anonymity
- The reputation of the broker

- The stability and financial strength of the broker

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution. In making this assessment we consider the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. We do not consider participation in the WAS program with Fidelity, the AdvisorDirect program with TD Ameritrade, or the Schwab Advisor Network® program with Charles Schwab & Co. (Please see Item 14 below) in choosing brokers and dealers to execute client transactions.

Certain custodians have programs that allow us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges.

## FIXED INCOME SECURITIES TRANSACTIONS

Fixed income securities (i.e., bonds) are generally traded in an over-the-counter market. In this market, bond dealers place bids and make offers to buy and sell bonds on a net basis with no stated commission plus accrued interest. Any commission or net markup is implied by the difference or "spread" between the price the dealer purchases the bond for and the price the dealer sells the bond at. A new issue bond is sold to purchasers at a net price with a fixed sales credit paid to the underwriter by the issuers of the bond.

Dealers identified and approved as fixed income trading partners are listed on BPW's "Fixed Income Approved Dealer List." Before BPW selects a new fixed income dealer, a member of the Fixed Income Department identifies the new dealer to be considered and provides due diligence material to the Chief Investment Officer for approval. Under the oversight of the investment policy committee, the Chief Investment Officer reviews this due diligence material and approves or rejects the selection of the dealer. We may consider any of the following factors:

- The quality of services provided
- The extent of coverage of the various markets BPW trades in
- The dealer's ability to communicate effectively with us
- The dealer's ability to execute and settle difficult trades
- Whether or not the dealer offers lower cost electronic trading
- The dealer's clearance and settlement efficiency
- Whether or not the dealer can handle BPW's range of order sizes
- The dealer's ability to maintain confidentiality and anonymity
- The reputation of the dealer
- The stability and financial strength of the dealer

On an ongoing basis, the Fixed Income team monitors our relationships with dealers on our Fixed Income Approved Dealer List and documents any issues involving a particular dealer.

## RESEARCH AND OTHER SOFT DOLLAR BENEFITS

While we seek best execution on behalf of those clients who do not direct us to trade with a particular broker-dealer, we may direct trades to certain broker-dealer affiliates of client custodians in return for investment research products and/or services that assist us with our investment decision-making process. Generally, the research that we receive is used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that particular client's portfolio. Client commissions utilized to pay for brokerage and research are known as "soft dollars." When clients do not direct us to trade through a particular broker-dealer, BPW seeks to comply

with Section 28(e) of the 1934 Act, which provides a “safe harbor” allowing investment advisers to choose broker-dealers to execute client trades at a commission rate that may be higher than lowest available commission for brokerage and research services if BPW determines in good faith that: (1) the brokerage or research services fall within the definitions of eligible research services set forth in Section 28(e); (2) the brokerage or research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. Our receipt of these services as well as our allocation of the benefit of these services may pose conflicts of interests further described below.

BPW receives a benefit from commissions paid by clients because BPW does not have to produce or pay for the research, product, or services. Further, BPW may have an incentive to select a broker-dealer based on its interest in receiving research, products or services, rather than on our clients’ interest in best execution.

BPW may receive computer software and related systems support from Fidelity Investments, TD Ameritrade and/or Charles Schwab because we provide investment services to the clients who have selected these custodians. These tools allow us to better monitor client accounts maintained with these custodians and may provide some benefits to us that do not have direct benefits for the clients. We always strive to put the interests of our clients first but you should be aware that our receipt of these economic benefits from a broker-dealer creates a conflict of interest since these benefits (a) may influence our choice of custodian, in the occasional case that we would recommend or choose a custodian, or (b) may influence our choice of broker-dealer to trade client accounts, over another custodian or broker-dealer that does not furnish similar software, systems support, or services.

BPW participates in the institutional adviser program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/ SIPC (“TD Ameritrade”), an unaffiliated, independent SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. BPW receives some benefits from TD Ameritrade through its participation in the Program. As a result of its participation in the Program, BPW may have a potential conflict of interest with respect to its decision to use TD Ameritrade for execution, custody and clearing for certain client accounts and BPW may have a potential incentive to suggest the use of TD Ameritrade and its affiliates to its advisory clients. (Please see additional disclosures about the Program and other TD Ameritrade programs under Item 14 below.)

BPW also participates in the AdvisorDirect Program with TD Ameritrade (“AdvisorDirect”) through which TD Ameritrade provides client referrals to BPW for which BPW pays a fee to TD Ameritrade. As a result of its participation in AdvisorDirect, BPW may have a potential conflict of interest with respect to its decision to use TD Ameritrade for execution, custody and clearing for certain client accounts, and BPW may have a potential incentive to suggest the use of TD Ameritrade to its advisory clients, whether or not those clients were referred to BPW as part of the AdvisorDirect Program.

BPW’s participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts

are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, BPW may have an incentive to recommend to clients that the assets under management by BPW be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

In addition, BPW has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. BPW’s participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

BPW also participates in the Fidelity Wealth Advisor Solutions Program (the “WAS Program”) with Fidelity, through its subsidiary Strategic Advisers, Inc. (“SAI”), which provides client referrals to BPW for which BPW pays a fee to Fidelity. (Please also see the disclosure under Item 14. below.) As a result of its participation in the WAS Program, BPW may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including Fidelity Brokerage Services, LLC (“FBS”) for execution, custody and clearing for certain client accounts, and BPW may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to BPW as part of the WAS Program.

Under an agreement with SAI, BPW has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, BPW has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when BPW’s fiduciary duties would so require; therefore, BPW may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit BPW’s duty to select brokers on the basis of best execution.

BPW participates in Schwab Advisor Services (formerly called Schwab Institutional). Schwab Advisor Services serves independent investment advisory firms like BPW by providing advisers and their clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help advisers manage or administer clients’ accounts while others help advisers manage and grow their business. A more detailed description of Schwab’s support services is included below.

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 advisers might not otherwise have access or that would require a significantly higher minimum initial investment by clients. Schwab’s services described in this paragraph generally benefit clients and clients’ accounts.

Schwab also makes available to advisers other products and services that benefit advisers but may not directly benefit clients or clients’ accounts. These products and services assist advisers in managing and administering clients’ accounts. They include investment research, both Schwab’s own and that of third parties. Advisers may use this research to service all or some substantial number of 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 fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Finally, Schwab also offers other services intended to help advisers manage and further develop their business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to advisers. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide advisers with other benefits such as occasional business entertainment of advisers personnel.

## CLIENT DIRECTED BROKERAGE

Certain clients may direct BPW to use a particular broker or dealer who has an existing relationship with or provides custodial or other services to a client. BPW requires any directed brokerage instructions to be in writing. Before choosing to enter into a directed brokerage arrangement, clients should be aware of the following disadvantages:

- Directed brokerage clients may pay higher commission rates than those paid by other clients, may receive less favorable trade executions and may not obtain best execution on their transactions.
- Directed brokerage accounts may not be able to participate in aggregated or block transactions with other clients. This may preclude directed brokerage accounts from obtaining more favorable terms that might be available from aggregated transactions.
- If BPW is placing orders in the same security for both directed brokerage clients and clients that do not direct, BPW may place orders for directed brokerage clients after it has placed orders for other clients.

As a registered investment adviser, we have a duty of best execution to our clients. Accordingly, we retain the right to decline your request for directed brokerage if, in our sole discretion, we determine it would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

## TRADE AGGREGATION & ORDER HANDLING

As previously noted, we manage both customized portfolios and specialized strategies. Clients in our specialized strategies hold the same securities. Clients with customized portfolios may hold the same securities. We may block or aggregate orders when buying and selling securities held in our specialized strategies and distribute or allocate the shares prorata to the respective clients' accounts. We may block or aggregate orders with each custodian,

resulting in several block trades in one security at one time. This practice may result in more favorable pricing than would occur with individual trades. When securities are distributed to more than one client, the execution price will be the average of the price of the securities within each block. This will result in the same trade price for all clients within the block, but there can be differences between accounts due to commission charges, which often are related to the number of shares allocated. In addition, prices may vary between block trades executed with different custodian/broker-dealers.

In certain situations, BPW may aggregate, or block trades in a particular security, on behalf of a group of client accounts held with different custodians in order to provide more favorable executions. In such situations, BPW may trade away from the clients' respective custodians and the clients included in the block will be charged by the executing broker(s). Clients may or may not see a trading cost associated with such trade on their statement; generally, when BPW is "trading away" from the clients' custodians, the trading costs will be reflected in the per share price of the transaction. Accordingly, clients may see transactions on their custodian statement without specific trading costs when the transaction was traded away, where some transactions may reflect a commission expense for execution with the applicable custodian/broker-dealer.

Securities purchased or sold in a block transaction are allocated pro rata, when possible, to the participating client accounts in proportion to the size of the order for their respective accounts. In all cases, we distribute the securities equitably across the accounts. If circumstances are such that it is impractical for us to allocate a small number of securities across accounts then we may allocate in a manner that we believe is fair to all clients.

Generally we place trades on a client-by-client basis for our customized portfolios unless we decide to purchase or sell the same securities for several clients at approximately the same time. In these instances we may, but are not obligated to, block these orders as described above.

BPW does not have an affiliated broker-dealer. Accordingly we never purchase or sell securities for our clients on a "principal" basis. A principal trade, by definition, involves a broker-dealer buying or selling from its own inventory to clients. Additionally, we do not engage in "agency cross" trades between clients, i.e., acting on behalf of our client as well as the party on the other side of the transaction.

## ITEM 13 – REVIEW OF ACCOUNTS

BPW believes that ongoing client account reviews should be an integral part of our process and has implemented several processes conducted by different groups within our firm. These groups bring varying expertise to the process and help us maintain our high service standard.

BPW is responsible for clients' investment plans and positioning of accounts based on client objectives and risk tolerances. We will periodically review client portfolios to ensure that the clients' asset and/or strategy allocations are being managed in line with BPW's stated strategy objective, policies and procedures.

At the inception of each new relationship, BPW will conduct a review of new account paperwork designed to ensure that we have obtained all necessary information about the client as well as the appropriate documentation such as trust documents, corporate resolutions, etc.

BPW will review the services selected and their suitability based

on the information provided in new account documentation. Once relationships are established, accounts will be reviewed periodically and no less frequently than annually to ensure that investments remain consistent with stated objectives. Changes in client financial circumstances may also trigger an investment review, if client advisors are apprised of such changes.

Financial planning services are also available. We can provide summaries of our analyses and related conclusions as well as special reports that we mutually agree are necessary. We encourage our clients to discuss their needs, goals and objectives and keep us informed of any material changes.

BPW will provide advisory clients quarterly reports, upon request, containing pertinent information related to their managed assets and the services we are providing. Those reports may contain a listing of holdings, a summary of inflows and outflows, performance summary and asset allocation breakdown in addition to other relevant data.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

BPBTC refers clients to BPW and vice versa. BPBTC encourages such referrals and offers compensation, recognition and awards to bankers who refer clients to BPW. BPW makes sure that its products and services are suitable for clients referred to it by BPBTC. BPW also compensates some of its employees for bringing in and continuously servicing clients of BPW by sharing a portion of the fees paid by such client to BPW. These practices present a conflict of interest for BPW because an incentive may exist to recommend services and products based upon compensation rather than client needs. As a fiduciary, BPW is required to act solely in the best interest of its clients. BPW continuously seeks to address these conflicts through disclosures to its clients and through internal policies and procedures that require all investment advice to be suitable for advisory clients based upon the information provided by such clients.

In connection with the insured bank deposit program offered as a cash sweep option for BPW's advisory clients ("Program"), BPW's affiliate, BPBTC is selected as the bank into which idle cash swept from eligible client accounts may be deposited. Funds swept into the BPBTC deposit account under the Program provide a relatively low cost source of funding for BPBTC. Because BPBTC is the parent company of BPW, its role as the depository institution for the Program creates a conflict of interest. BPW is reimbursed by BPBTC for certain third party expenses associated with the administration of the Program that are incurred by BPW. The reimbursement is in the form of a flat, per account monthly fee. These fees paid by BPBTC to BPW create a potential conflict of interest with clients participating in the Program. In addition, the asset-based management fee charged by BPW to advisory clients covers cash and cash equivalent, including cash allocated to the Program at BPBTC. Advisory clients who have a direct relationship with BPBTC are responsible for any customary fees that are charged with respect to such deposit or other bank accounts. Information regarding the Program, including information regarding the scope of FDIC insurance and the existence of the conflicts of interest with respect to the Program has been provided to advisory clients participating in the Program.

BPW is part of the Fidelity Wealth Advisor Solutions network, TD Ameritrade's AdvisorDirect program, and the Schwab Advisor Network®. Our participation in these programs allows us to receive client referrals and other benefits from these firms. BPW also has

relationships with certain third party solicitors. Please see below for more information.

## **FIDELITY WEALTH ADVISOR SOLUTIONS PROGRAM**

BPW participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which BPW receives referrals from Fidelity Personal and Workplace Advisors LLC. ("FPWA"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. BPW is independent and not affiliated with FPWA or FMR LLC. FPWA does not supervise or control BPW, and FPWA has no responsibility or oversight for BPW's provision of investment management or other advisory services. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to BPW does not constitute a recommendation or endorsement by FPWA of BPW's particular investment management services or strategies.

Under the WAS Program, FPWA acts as a solicitor for BPW, and BPW pays referral fees to FPWA for each referral received based on BPW's assets under management attributable to each client referred by FPWA or members of each client's household. These referral fees are paid by BPW and not the client. More specifically, BPW pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees

are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, BPW has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program.

To receive referrals from the WAS Program, BPW must meet certain minimum participation criteria, but BPW may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS").

As a result of its participation in the WAS Program, BPW may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and BPW may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to BPW as part of the WAS Program. Under an agreement with FPWA, BPW has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, BPW has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when BPW's fiduciary duty would so require, and BPW has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, BPW may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit BPW's duty to select brokers on the basis of best execution.

## **TD AMERITRADE'S ADVISORDIRECT**

BPW also participates in TD Ameritrade's AdvisorDirect national referral program. BPW is not affiliated with TD Ameritrade, nor does

TD Ameritrade supervise or have responsibility to oversee BPW's investment management or other advisory services. BPW may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, BPW may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with BPW and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to unaffiliated investment advisers. TD Ameritrade does not supervise BPW and has no responsibility for BPW's management of client portfolios or BPW's other advice or services. BPW pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to BPW ("Solicitation Fee"). BPW will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by BPW from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired BPW on the recommendation of such referred client. BPW will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients.

BPW's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, BPW may have an incentive to recommend to clients that the assets under management by BPW be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, BPW has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. BPW's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

## TD AMERITRADE INSTITUTIONAL ADVISOR PROGRAM

BPW participates in TD Ameritrade's Institutional program and BPW may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between BPW's participation in the program and the investment advice it gives to its Clients, although BPW receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving BPW participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to BPW by third party vendors. TD Ameritrade may

also have paid for business consulting and professional services received by BPW and/or BPW's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit BPW but may not benefit its Client accounts. These products or services may assist BPW in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BPW manage and further develop its business enterprise. The benefits received by BPW or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

## TD AMERITRADE – ADDITIONAL SERVICES

BPW also may receive from TD Ameritrade certain additional benefits ("Additional Services") that may not be offered to any other independent investment advisers participating in the program. Specifically, the additional services include Factset Research Systems, Ned Davis Research, Credit Sight, Bloomberg and Interactive Data. TD Ameritrade provides the Additional Services to BPW at its sole discretion and at its own expense, and BPW does not pay any fees to TD Ameritrade for the Additional Services. BPW and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services, which include the requirement that the Additional Services be used in connection with BPW's investment advisory business for the direct or indirect benefit of BPW's and TD's mutual clients.

BPW's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to BPW, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, BPW's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with BPW, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, BPW may have an incentive to recommend to its clients that the assets under management by BPW be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. BPW's receipt of Additional Services does not diminish its duty to act in the best of its clients, including the duty to seek best execution of trades for client accounts.

As part of its fiduciary duties to clients, BPW endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BPW or its related persons in and of itself creates a potential conflict of interest and may indirectly influence BPW's choice, or recommendation to its clients, of TD Ameritrade for custody and/or brokerage services.

## SCHWAB ADVISOR NETWORK

BPW receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through BPW's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with BPW. Schwab does not supervise BPW and has no responsibility for BPW's management of clients' portfolios or BPW's other advice or services.

BPW pays Schwab fees to receive client referrals through the Service. BPW's participation in the Service may raise potential conflicts of interest described below. BPW pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another

custodian. The Participation Fee paid by BPW is a percentage of the fees the client owes to BPW or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. BPW pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to BPW quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by BPW and not by the client. BPW has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs BPW charges clients with similar portfolios who were not referred through the Service.

BPW generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees BPW generally would pay in a single year. Thus, BPW will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of BPW's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, BPW will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit BPW's fees directly from the accounts.

For accounts of BPW's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from BPW's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, BPW may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. BPW nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for BPW's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### THIRD PARTY SOLICITORS

BPW has a policy that allows us to accept clients referred by unaffiliated solicitors and to pay these solicitors a percentage of our collected investment advisory fees without any additional charge to the client. This arrangement is not exclusive between BPW and the solicitors and we may accept or reject any prospective client. We require each solicitor to disclose its relationship with us as well as our compensation arrangement to the client.

### ITEM 15 – CUSTODY

BPW does not maintain direct custody or possession of client funds or securities; they are held with qualified custodians. Certain assets managed or advised by BPW are held with BPBTC, an affiliated custodian. In certain circumstances, BPW is deemed to have custody for purposes of amended Rule 206(4)-2 of the Advisers Act

for one or more of the following reasons:

- Assets managed by BPW are held with BPBTC;
- BPW is authorized by its clients to debit our management fees directly from client accounts;
- A BPW associate has been named as a trustee of a trust account which we manage; and
- BPW has authorization to direct payments from client accounts held by a certain custodian.

Because BPW is deemed to have custody of certain accounts, BPW is required to submit to an annual surprise exam by a nonaffiliated CPA firm and file form ADV-E. BPW clients typically receive custodian statements detailing all transactions in their accounts including contributions and withdrawals, fees and expenses charged to the accounts; and the value of the accounts at both the beginning and the end of each reporting period. Additionally, the custodian will produce a year-end summary and related tax reporting documents, as applicable.

Clients should always compare the statements received from their custodian to statements received from BPW.

### ITEM 16 – INVESTMENT DISCRETION

BPW accepts discretionary authority to manage securities accounts on behalf of clients. This authority is granted to BPW through the execution of an Investment Management Agreement ("IMA") between the Client and BPW. BPW will not commence management of an account without receiving an IMA properly executed by the client.

Clients may place reasonable restrictions on their accounts such as specific investment selections and sectors. However, BPW may choose not to advise a client whose investment objectives or restrictions may be considered incompatible with our investment philosophy or approach. BPW is unable to accept client restrictions on the investments selected for a specific proprietary or model strategy.

### CLASS ACTION SUITS

BPW ordinarily will not advise or act on behalf of clients in any legal proceedings, including bankruptcies or securities shareholder class action litigation involving securities held or previously held in client accounts. The client (or client's agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in the client's account. We will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client accounts. Separate account managers selected by us are not required to, but may, participate in class action settlements on behalf of clients for the assets under their management.

### ITEM 17 – VOTING CLIENT SECURITIES (I.E., PROXY VOTING)

BPW may or may not have authority for voting client securities (proxy voting), depending on the terms of the applicable client's IMA. For those client accounts where BPW has accepted proxy voting authority, BPW will be responsible for the voting of all proxies related to securities held in those client accounts. We use a third party proxy voting service, Broadridge Investor Communication Solutions, Inc. ("Broadridge") to vote client proxies in accordance with one of the two adopted standard proxy voting guidelines of Glass Lewis. Clients may choose between U.S. Proxy Voting Policy Guidelines or Socially Responsible Investing Proxy Voting Guidelines.



BPW may, but is not required to, authorize external separate account managers to vote any proxies relating to the sub- advised assets in accordance with the external separate account manager's proxy voting policy.

Conflicts can arise when BPW, an external separate account manager, any of their affiliates, or any of their employees has any financial, business or personal relationship with the issuer of a proxy proposal for a security held in a client's account. To avoid potential conflicts of interest, BPW would vote proxies in accordance with one of our predetermined guidelines. In limited situations, we may consider voting under our own initiative for a particular issue, if we believe that it is in the best interest of the client. Before we reclaim proxy voting authority from Broadridge, we will determine and confirm that no potential conflict of interest exists.

A client may obtain the following information by submitting a request to Boston Private Wealth, Attn: Chief Compliance and Risk

Officer, One Federal Street, 30th Floor, Boston, MA 02110.

- Copies of the Standard Glass Lewis Proxy Voting Policies, which detail the policies and procedures for casting proxy votes: and
- Information about how the client's proxies were voted.

## **ITEM 18 – FINANCIAL INFORMATION**

SEC registered investment advisers are required to provide financial information for this item when (a) clients are required to pre-pay fees of \$1,200 or more, six (6) months in advance, or (b) the adviser is subject to any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients.

This item is currently not applicable to Boston Private Wealth.