Firm Brochure
(Part 2A of Form ADV)
February 29, 2024

Headquarters

661 University Blvd
Suite 100
Jupiter, FL 33458
Tel: 561-244-2504
Fax: 561-584-6945

Branch Offices

525 Junction Rd.
South Tower, Suite 6500
Madison, WI 53717
Tel: 608-616-4350
Fax: 608-268-8683

2700 S. Commerce Pkwy.
Suite 100
Weston, FL 33331
Tel: 954-606-0777
Fax: 608-268-8673

By appointment only
Regus Suites
2255 Glades Road, 3rd Fl
Boca Raton, FL 33431

www.SlateStone.com

This brochure provides information about the qualifications and business practices of SlateStone Wealth, LLC. If you have any questions about the contents of this brochure, please contact Sharon Daniels, Founder, Co-CEO or Milagros Kleiner, Chief Compliance Officer, at 561-244-2504 or Info@SlateStone.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 SlateStone is also available on the SEC's website www.adviserinfo.sec.gov. The CRD number for SlateStone is #286669. You will be able to view Parts 1 and 2 of our Form ADV and form CRS.

Item 1 - Cover Page

SlateStone Wealth, LLC (SlateStone or SSW) is a registered investment adviser with the United States Securities & Exchange Commission (SEC). References within this Brochure to SlateStone Wealth, LLC as a “registered investment adviser” or any reference to “registered” does not imply a certain level of skill or training. Likewise, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2 - Material Changes

As part of our regulatory obligations, we annually update our brochure within 90 days after the fiscal year-end. The revised information is made available on adviserinfo.sec.gov and is also distributed to our clients within 120 days of our fiscal year-end. We will also provide updated disclosure information about material changes on a more frequent basis. Any summary of changes will include the date of the last update of our brochure. For a copy of our complete brochure, please contact us at info@slatestone.com or visit our website www.slatestone.com.

Since our last brochure, dated August 1st, 2023, we have made the following changes to this brochure, dated February 29th, 2024:

> Item 4 – Advisory Services - We included information on our newly introduced Family Office Services.
>
> Item 5 – Fees and Compensation – The fee schedule for new clients has been updated.
>
> Item 8- Methods of Analysis, Investment Strategies, and Risk of Loss - Additional equity portfolio strategies and information about Pledged Assets have been incorporated.
>
> Item 10 – Other Financial Industry Activities and Affiliations - Details regarding an insurance business owned by one of our employees have been provided.

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Item 4 - Advisory Services

Description of Firm

SlateStone is a limited liability company formed in 2017 pursuant to Florida law. SlateStone is employee-owned, and its majority member owner is SlateStone Holdings, LLC, a domestic limited liability company whose majority owners are Patrick E. Tylander and Sharon A. Daniels, the Founders and Co-CEO's of SlateStone Wealth. Corporate headquarters are in Jupiter, Florida and regional offices are in Boca Raton, FL, Weston, FL and Madison, WI. For additional information on ownership please see form ADV Part 1 at www.investor.gov.

As an independent registered investment adviser, SlateStone offers personalized investment management services and comprehensive wealth and financial planning to high-net-worth individuals, families, trusts, estates, corporations and other business entities.

SlateStone serves as a fiduciary investment advisor to its clients. In fulfilling its fiduciary duty, SlateStone maintains policies and procedures, including a Code of Ethics designed to mitigate potential conflicts of interest. We uphold the following principles and practices in serving our clients' best interests:

- We place clients' interests ahead of our own
- We provide investment and financial advice and strive to control investment expenses
- We are independent from any bank, broker-dealer, insurance company or custodian
- We work with national custodians and do not hold client assets, securities, or cash
- We provide full transparency to your portfolio and investments
- We use third parties to value your securities and report on your portfolio results
- We act prudently – with the care, skill, and judgment of a professional to avoid conflicts of interest
- We disclose all material facts

Our wealth advisory team is supported by investment industry veterans with decades of investment management experience upholding a fiduciary standard and providing transparency into the wealth management process. We cater to clients seeking high-touch services across a spectrum of financial needs that may be encountered over generations. SlateStone offers a comprehensive suite of specialized services delivered through a defined and robust discovery approach with each client. When working with SlateStone, you can expect personal service and a long-term commitment. Our mission is to create deeply rooted relationships and to deliver superior long-term results by integrating your financial plan with a disciplined investment process that instills a greater sense of confidence that goals are achievable.

Assets Under Management

As of December 31, 2023, the Firm had approximately $1.37 Billion in discretionary and $29 Million in nondiscretionary assets under management

Assets Under Advisement

As of December 31, 2023. The firm had approximately $7 Million in Assets under Advisement.

Principal Partners

Sharon “Sherri” A. Daniels and Patrick E. Tylander are Founders and Co-CEOs. You can view their bios by visiting our website www.SlateStone.com. Refer to ADV Part 1 for a full list of partners.

Mutual Engagement with Clients

At SlateStone, every client receives personalized service designed with a long-term perspective that integrates standard financial planning elements with a disciplined and robust investment offering and process. Our purpose is to help clients gain a sense of comfort and confidence that their financial objectives are achievable. In upholding a fiduciary standard, we place our client’s interests first and these standards guide us as we deliver independent advice and an authentic experience to our clients.

General Description of Advisory Services

SlateStone is a multi-asset class investment advisory and wealth management firm. We provide strategic wealth management and comprehensive financial planning services on a discretionary fee basis and offer consulting services on a pre-approved, non-discretionary fee basis.

We strive to be our client’s trusted advisor and advocate within a fiduciary standard of care that provides unbiased, independent advice designed to meet each client’s personal objectives. Whether the goal is building a successful retirement, accumulating and growing assets, or building a family legacy, we will be there for you each step of the way.

We serve private clients and families seeking a holistic view of wealth across both the high net worth and ultra-high net worth investor categories. Our services are tailored to meet specific and varied objectives including complex and sophisticated requirements with access to public and private investment solutions.

We provide wealth management services to wealthy clients including: Entrepreneurs & Founders, Business Owners & Professionals, Multi-generational families and Foundations & Endowments

Wealth Management & Investment Advisory Services

SlateStone offers a comprehensive set of wealth advisory services and dedicated resources designed to respond to the unique needs of our clients. We seek a deep understanding of our client's unique life vision and current financial situation before creating a tailored wealth and investment plan to serve as a roadmap for the future. Understanding a client's life values and financial goals aids in our ability to successfully govern the relationship and provide a guideline for the ongoing management of our client's wealth plan. Whether the relationship is broad and deep (including comprehensive life management and financial planning combined with investment management and other services), or focused solely on strategic investment management services, our advice is designed to simplify our clients' lives and give definition to the mutually established investment objectives we seek to deliver. By taking into consideration time horizons, tax considerations, liquidity, and any other unique circumstances that could impact the management of a client's financial plan and investment portfolio, we are equipped to address a lifetime of changing needs. Throughout the relationship, our advisors and investment team members use their skills to educate, communicate, and collaborate on financial and non-financial issues providing recommendations on investment options to be considered. Interactive management, monitoring, rebalancing of the client portfolio strategy and detailed reporting is part and parcel of our guidance.

SlateStone's Investment Policy Committee identifies the big-picture global economic themes and specific investment vehicles it believes offer the best investment opportunities for its clients, assessing the geo-political landscape, direction of interest rates, prospects for inflation/ deflation, among many other factors, with the goal of identifying opportune investment themes and vehicles.

Based on our economic and market outlook, our research team performs in-depth research and analysis of individual equities, mutual funds, external managers and non-traditional investments such as public and private alternatives which for qualified clients may include direct investments in segments such as private equity, real estate, hard asset lending, hedge funds, and venture capital. Our goal is to identify investments we believe will produce the greatest return, within certain risk parameters, to meet our clients' varied objectives.

SlateStone serves primarily high net worth and ultra-high net worth individuals, families as well as entities and foundations who have in excess of $1 million in investable assets. Most of SlateStone's clients receive discretionary investment advisory services on a fee-only basis. Discretionary means you provide us written authorization to make investment decisions and securities transactions on your behalf and in accordance with stated objectives. We make all decisions to buy, sell or hold securities or other investments, including cash, in your account and allocate assets in a manner deemed appropriate to meet your financial objectives. SlateStone invests on behalf of its clients primarily in securities that are publicly traded except where noted above. We supervise client portfolios proactively and will execute transactions to buy and sell positions or rebalance holdings when we believe it is appropriate to help achieve objectives and/or to limit risk.

Private Client Services is designed for individuals and families with investment portfolios typically exceeding $5 million, have significant annual income, and net worth, and who require complex guidance and reporting, coordination with other financial professionals, and who qualify for access and introduction to direct private investments.

We provide in-depth guidance covering a comprehensive set of needs, from creating a full financial and investment plan to the coordination of all investments and risk management; managing and leveraging debt through appropriate lending solutions; defining estate goals and coordinating with key legal advisors; consolidated reporting and administration of all assets whether managed by SlateStone or others.

The *Private Client* Services encompasses the following as requested:

- Investment Management, asset allocation and security selection including sourcing, vetting, and monitoring direct investment opportunities
- Consolidated reporting, including periodic global asset allocation summary, real estate, and income summary
- Review of insurance coverages, including homeowner's, auto, life and disability
- Business opportunities and other services, utilizing SlateStone's extensive connections to expedite the introduction and connection process between client, potential business partners and service providers
- Coordinates with client's other professional including legal counsel, accountant, etc on financial matters, tax planning, asset location, etc. to meet overall objectives
- Introduces and provides guidance on private investment opportunities for accredited investors and/or qualified purchasers in the areas of real estate, private equity, venture capital, and hedge funds

Family Office Services is designed to consolidate many of the financial and non-financial services for ultra-high net worth families with the complexities of multi-generational wealth. The service is an expansion of the firm's Private Client offering and is designed for families of significant net worth typically over $30 million and investable net worth above $10 million.

- Investment strategy & asset management
- Risk management
- Tax guidance/planning (not prep)
- Estate planning
- Liquidity/cash flow management
- Liability/debt management
- Philanthropy
- Family governance and dynamics
- Lifestyle management
- Record keeping and reporting
- Bill pay (services outsourced)

Customized Investment Management Service is designed for those clients who typically have $5 million or more in investable assets and/or who have special situations or investment restrictions that require highly specialized solutions. Custom portfolios are individually tailored and address sophisticated investment requirements such as situations that involve special tax considerations, concentrated or low-basis stock positions, inheritance issues or closely held businesses. SlateStone's investment professionals determine through an in-depth review with the client an appropriate plan of action to meet the client's unique circumstances. Our customized portfolio solutions provide review and analysis of existing holdings, risk management reduction, asset allocation and portfolio construction with regular rebalancing. Within these portfolios, we typically invest in individual equity and fixed income securities, and, where suitable, options strategies and alternative investments that could include exposure to private placements, hedge funds, private equity, and real estate.

SlateStone may utilize internally managed asset allocation strategies alongside, or in combination with, individual equities and bonds to create a blended and diversified portfolio to achieve overall investment goals based upon suitability. These services include a comprehensive review of existing assets to ensure a streamlined and tax efficient transition of the client's assets and/or securities to meet an appropriate portfolio aligned to individual investment objectives.

Strategic Portfolio Management Service is a comprehensive investment management solution designed primarily for investor with investable assets up to $3 million and includes investment portfolio design and implementation, tax efficient management and reporting plus ongoing and continuous oversight of client accounts. When advising on and constructing client portfolios, the firm will typically utilize equity and bond related ETFs and mutual funds to build a diversified portfolio. Within this framework, and if appropriate, we will advise a client to utilize a mutual fund asset allocation strategy, model portfolios, or the use of an external third-party manager.

Depending on the client's objectives, the firm allocates primarily for results over time, however, we will also employ short term tactical moves to protect from downside market conditions when deemed appropriate. Tactical moves may include the use of specialized funds or ETFs over the shorter term or increasing cash levels as deemed appropriate based on the specific client risk tolerance and short- and long-term objectives.

Financial Planning and Consulting Services

Financial planning services are provided as a component of wealth management and investment advisory services but may be offered as a stand-alone service under a separate engagement with the client. Financial planning services include guidance on both investment and non-investment related matters based on a client's financial situation and specific goals and objectives. The service can be focused or broad and may include but not be limited to:

- Budgeting and expense Planning
- Cash flow analysis & Planning
- Retirement Planning
- Trust & Estate Planning
- Charitable Giving
- Tax Planning
- Wealth Transfer
- Education Planning

The process of financial planning begins with an in-depth client consultation and requires specific information about the client's income, assets, net worth, debts, objectives, and goals at different life stages among other factors and are necessary to provide planning advice and recommendations. A formal financial plan or specific advice will be rendered to the client based upon the information provided and specific actions may be offered to meet the plan dynamics. As part of our comprehensive wealth planning service, the financial plan will be integrated with the investment plan. Should a client choose only financial planning services under a separate agreement, it will be the client's decision and responsibility to take action on any recommendations provided as a result of the planning service.

Within the scope of financial planning and consulting services, SlateStone does not serve as an attorney or accountant, does not prepare estate planning documents or tax returns, and its services should not be construed as legal or tax advice. Where appropriate, we will recommend outside professionals for non-investment-related services (accountants, attorneys, insurance agents). The client is never under any obligation to engage with a recommended professional. Whereby a client uses the services of a recommended professional, and a dispute arises thereafter, relative to that engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Whenever SlateStone makes a recommendation for the Financial Planning client to utilize the services of a third-party as mentioned above, SlateStone shall:

- Have a reasonable basis for the recommendation or engagement based on the person's reputation, experience, and qualifications.
- Disclose to the client, at the time of the recommendation or prior to the engagement, any arrangement by which someone who is not the client will compensate or provide other material economic benefit to the firm, or a related party for the recommendation or engagement.
- When engaging a person to provide services for a client, exercise reasonable care to protect the client's interests.

When selecting or using and recommending technology, SlateStone shall document the due-diligence process which will include:

- Exercising reasonable care and judgment when selecting, using, or recommending any software, digital advice tool, or other technology while providing professional services to a client.
- Having a reasonable level of understanding of the assumptions and outcomes of the technology employed.
- Having a reasonable basis for believing that the technology produces reliable, objective and appropriate outcomes.

Financial planning and consulting recommendations may pose a conflict between the interests of the advisor and the client. As an advisor may be incented to recommend that client engage the advisor for investment management services or increase the amount of assets being managed which could increase the amount of advisory fees paid for the services. Furthermore, it would be a conflict of interest if we were to suggest investing funds over loan repayments to enhance your assets under management with us, thus increasing the advisory fee. Our priority is to provide advice that best serves the client's interests, ensuring transparency and alignment with their goals. A client is not obligated to implement any recommendations or take any specific action advised or maintain a relationship.

Account Aggregation Reporting

To assist with our planning and consulting services, SlateStone offers aggregation of outside assets/accounts held by a client and will provide periodic comprehensive reporting services which incorporate all of the client's investment assets, including those investment assets that are not part of the assets being managed by SlateStone. SlateStone's service, related to outside assets, is limited to reporting only and does not include discretionary investment management of the outside assets. SlateStone does not have trading authority over the outside assets and as such the client is exclusively responsible for directing and implementing any recommendations SlateStone may provide in the course of our financial planning or investment management relationship related to outside assets. Furthermore, SlateStone shall not be responsible for any implementation error (trading, etc.) that may occur related to any outside assets. In the event the client desires that SlateStone provide investment management services on any of the outside assets, the client will do so under the terms and conditions of SlateStone's *Investment Management /Consulting Services Agreement.*

Separately Managed Accounts or Subadvisors

In certain circumstances, and to meet overall client investment objectives, our internally managed solutions could be augmented with an investment strategy from an external, Separate Account Manager or Sub-Advisor, skilled in specialized management strategies (options, alternatives, real estate, structured notes, etc.).

SlateStone reviews a client's time horizon, objectives, tax situation, income and liquidity needs and recommends a portfolio asset allocation mix based on this criteria. In recommending independent managers, SlateStone will consider factors such as the manager's designated investment objective, management style, performance, reputation, financial strength, reporting and pricing. When utilizing an independent manager, SlateStone will continue to provide investment advisory services to the client on a discretionary basis and relative to ongoing monitoring and review of account performance, overall portfolio asset allocation, and client investment objectives. In such circumstances, the independent manager shall be granted discretionary trading authority and have day-to-day responsibility for the active management of the allocated assets.

Prior to providing investment management services with external managers, the client will enter into a separate investment management agreement with SlateStone and with each Investment Manager recommended by SlateStone (this is a "dual contract arrangement"). The investment manager is contracted by the client, on the recommendation of SlateStone in accordance with the client's objectives, subject to any agreed upon restrictions.

In some circumstances, SlateStone, at its discretion, shall agree to enter into, or maintain a "single contract arrangement," whereby the client contracts directly with us as the advisor for investment management services and, in turn, SlateStone, pursuant to a sub-advisory agreement with the manager, obtains such investment management services on behalf of its client. When SlateStone believes an investment manager is no longer suited to provide services to a client, we typically have the authority to terminate and replace that manager under our Investment Management Agreement with the client.

SlateStone receives no direct financial compensation from the investment managers it recommends. Investment managers may host educational seminars for the firm's clients.

Cash/Liquid Positions

In the course of managing investments for clients, SlateStone may choose to take a defensive position and increase cash positions based upon perceived or anticipated negative market conditions. All cash positions (money markets etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee.

Alternative Private Investments

When appropriate, and in accordance with the clients' financial experience, objectives, income and net worth, SlateStone may recommend the use of one or more alternative private investments, limited partnerships, or funds. Clients for whom such services are suitable must meet the definition of "accredited investors" as defined in the Securities Act.

SlateStone will provide advice on private alternative investments such as real estate-related investments (e.g., mortgages, direct investments in real estate, and investments in real estate funds) as well as private equity, hedge funds, hard-asset lending funds, etc. Services included within the scope of such advice include sourcing, strategic research, due diligence, investment monitoring, and reporting. For additional information on each Fund's strategy please consult the private placement memorandum.

SlateStone coordinates when appropriate with outside consultants or alternatives platforms for additional support in sourcing investments, providing specialized guidance, and assistance with due diligence and research.

In some cases, the offerors or control persons of private investments we recommend and invest in, on behalf of suitable clients, may be clients of SlateStone. SlateStone receives no compensation for recommending these private investments and gains no advantage by utilizing their products.

Held Away Assets

SlateStone provides additional services for accounts where it is not possible for the firm to transact trades through the standard custodial arrangements. These services include investment advice on company retirement accounts, 529 plans, and variable annuities. SlateStone will periodically discuss holdings in accounts and the overall investment objectives with clients who have these types of accounts to suggest adjustments to holdings, monitor the investments and provide statements and performance reporting (where given access) on an ongoing basis.

Retirement Rollover

If we recommend that you rollover your retirement plan, such as a 401(k) into an account we manage there is an inherent conflict of interest as we will be paid a fee. You are never under any obligation to rollover retirement plan assets to an account managed by us.

When considering rolling over a 401(k) to an IRA your options generally include:

- Leave in the 401(k) plan if permitted
- Rollover to a new employer's plan if permitted
- Cash out the account value – depending on age may have adverse tax concerns.

A few of the benefits of rolling over the 401(k) to an account we manage for you may include:

- Increased asset selection
- Alignment with your financial objectives
- Enhanced services
- Access to discretionary asset management
- A reduction of fee rates based on larger assets under management.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

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

Item 5 - Fees and Compensation

The specific fees charged to clients will be disclosed in the client's Investment Management or Consulting Agreement when the relationship is established. SlateStone's fees are assessed in the following ways:

For *Private Client and Family Office Services*, we charge a fee based on assets under management, both discretionary and non-discretionary, and services being provided. Typically fees range from $24,000 to $150,000 annually and are negotiable.

For Investment Advisory Services, either Customized Investment Management Services or Strategic Portfolio Management Services, we charge new clients, a tiered percentage-based fee calculated on the total market value of the assets in the portfolio at the end of each quarter, beginning at 1.00% on the first $2 Million, 0.85% on the next $3 Million, 0.70% on the next $5 Million and negotiable above $10 Million. Our minimum annual fee is $10,000.

We may accept relationships below investment minimum; however, fees start at 1.50% and scale down based on the level of assets under management. Our fees and minimums can be reduced or waived at SlateStone's discretion.

For standalone *Financial Planning/ Wealth Planning*, we charge a flat fee depending on the scope of the services required. Planning fees start at a minimum $5,000.

If a client was referred through the Schwab Advisor Network (SAN), comprehensive wealth planning and investment management fees are tiered starting at 1.00% on $1 million, 0.90 on $2 million, 0.75 on $5 million, 0.50 on $10 million and 0.20 on $25 million. Please refer to Item 14 Client Referral and Other Compensation for more information on the Schwab Advisor Network program.

Investment Advisory Fees - Automatic Fee Deduction/Billing

The client shall authorize the deduction of investment advisory fee directly from their custodial account, which shall be directly remitted to SlateStone in compliance with regulatory procedures. In those situations where SlateStone cannot debit the account directly, the client is invoiced, and payment is due upon receipt of the invoice.

The annual management fee is prorated and paid quarterly in advance and is based on the total market value of the assets in the account on the last business day of the previous quarter. In calculating total market value, we take into consideration all cash and accrued interest. We are currently using security prices as priced by Charles Schwab or from our client's custodians. If a custodian is unable to give us a price, we will go to ICE Data Services (ICE). Prior to 2024, we utilized ICE , a global leading provider of pricing services, to price client's holdings, which was then used for the calculation of our investment management fees.

We classify liquid assets as those that can be easily converted into cash without a notable loss of value. These encompass short-term, highly liquid investments such as Treasury bills, CDs, and money market funds. Additionally, these may include short-term bonds, commercial paper, and highly liquid securities as cash equivalents.

At the end of each quarter, we conduct a thorough comparison of client account values with their corresponding custodian/broker statement. It is important to note that discrepancies between the values derived from our internal systems and those reflected on the account statement can arise due to several factors, such as: pricing sources utilized, recording transactions on settlement date value verses trade date value, and the value of pending accrued interest, as we do consider accrued interest as part of your account value. Typically, if the value creates a cost difference to the client of less than $10.00 during the calendar quarter, we will accept the market value as priced. Otherwise, we will investigate and make any necessary corrections prior to billing.

Account statements provided by the custodian will show all transactions and positions in the account, including the amount deducted for our fees. It is the responsibility of the client, not the custodian, to verify that the advisory fee is applied to client's account correctly.

In certain relationships, the fees differ from those described herein, typically for those clients who joined SlateStone as part of a corporate merger or acquisition. We typically maintain the pre-existing wealth management fee structure. In its sole discretion, SlateStone may charge a lower investment management fee based upon certain criteria (anticipated future additional assets, dollar amount of assets to be managed, related client relationship, composition of assets to be managed, future earning capacity of client, etc.).

Unless otherwise stated, SlateStone's investment management fees do not cover or include brokerage commissions, transaction costs, custody fees or other related expenses (see Additional Fees and Expenses below).

Private investments are direct investments and are not publicly traded and therefore do not have a daily indication of their fair market value. It is our policy to use the most recent value provided by either the qualified custodian or issuer, or the private fund operator for reporting and billing purposes. In some cases where no updated valuations are provided, we will use the investment cost as the valuation until an updated valuation is received.

SlateStone does not accept compensation from the sales of securities, nor share in commissions or transaction costs.

Under no circumstances does the firm require or solicit payment of fess in excess of $1,200, more than six months in advance of services.

Cancellation Process, Accrued Fees & Refunds

A client can terminate an account or the entire relationship at any time upon notification to SlateStone. You shall have five (5) business days from the date of execution of the *Investment Management Agreement* to terminate services for a full refund.

SlateStone requires a written notice of termination of any of its services. Upon such notice, SlateStone will cease making investment decisions under the *Investment Management Agreement* and/or providing financial advice incidental to the *Financial Planning and Consulting Agreement* and will implement any reasonable written instructions that are provided. The investment account(s) can be closed, and funds withdrawn, only after any open trades have been settled. Upon termination of an investment account, SlateStone will refund any pre-paid management fees, pro-rated to the date of termination. The client refund amount will be either credited to the account or paid by check to the account holder.

A one-time fee of $1,000 to cover account set-up expenses and advisory services will apply to a household if the client terminates within 180 days.

Clients in *Private Client, Family Office* or Consulting Services terminating their account prior to twelve months from inception, will have a minimum fee imposed of $10,000 to cover the costs of services. This fee can be deducted from any reimbursement owed to the client for pre-paid fees.

Additional Fees and Expenses

Mutual Fund and ETF Management Fees. Accounts invested in mutual funds and exchange-traded funds generally also pay, indirectly, investment advisory fees to the managers of those funds. 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 paid by each mutual fund is contained in that mutual fund’s prospectus.

Mutual Fund transaction fees. Depending on the custodian, some purchases and sales of mutual funds will have no transaction fees. However, not all mutual funds are without fees. Some funds have early redemption fees. An explanation of fees and expenses charged by each mutual fund is contained in that fund’s prospectus.

Brokerage Fees. SlateStone’s management fee does not include brokerage commissions, transaction fees, exchange fees, SEC fees and other related trading costs and expenses. These fees are paid for directly by the client and SlateStone does not receive any portion of these types of fees.

External Account Manager Fees. If SlateStone engages an external independent investment manager to manage a portion of the client’s assets, the client will be responsible for paying all fees charged by the external account manager on those assets in addition to SlateStone’s

Investment Advisory fees. SlateStone will obtain written consent from the client for outside manager fees and additional documents will be required.

Sub Advisory and Dual Contract Clients. Fee schedules for clients participating in sub-advisory or dual contract programs will be separately negotiated with the relevant client or intermediary. The firm's standard fee schedule is not necessarily applicable to sub-advised or dual contract account clients. The sub-advisor or intermediary generally charges clients quarterly in advance a comprehensive fee, based upon the percentage of the value of the client's assets under management in the program. This comprehensive fee could include execution, consulting, custodial and other services performed or arranged by the program sponsor and the investment advisory services of discretionary managers such as SlateStone. In some cases, the discretionary manager's fee is paid directly by the client pursuant to a separate contract executed between the manager and the client. In other programs, the manager's fee is paid directly by the program sponsor. SlateStone participates in both types of programs – dual contract or single contract.

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

The following represents additional fees and expenses that could be directly billed or assumed proportionately by you and third parties:

> 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 are charged by and paid to a broker-dealer, custodian, mutual fund company, or annuity issuer, as applicable. We do not directly or indirectly share or receive any portion of these fees.

Item 6 - Performance-Based Fees

We do not currently offer or manage accounts that pay performance-based compensation and therefore, we have no side-by-side management.

Item 7 - Types of Clients

SlateStone provides services to high net worth Individuals, Entrepreneurs & Founders, Business Owners & Professionals, Multi-generational families, and Foundations & Endowments.

SlateStone typically prefers clients establish a relationship with a minimum of $1,000,000 or more to invest. SlateStone reserves the right to waive minimums at its sole discretion.

Employee benefit plans which select SlateStone to provide investment advisory services should be aware that the Employee Retirement Income Security Act of 1974 (ERISA) sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, SlateStone will be providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments choices which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain SlateStone to act as an investment manager within the meaning of ERISA § (38), SlateStone will provide discretionary investment management services to the Plan.

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

Methods of Analysis

SlateStone's research department makes available to its professional advisory team certain information which includes recommendations on equities, fixed income securities, mutual funds, ETFs, alternatives and the use of external independent managers. SlateStone's investment research is used by its wealth management professionals to tailor recommendations and design an investment portfolio to a client's specific needs, circumstances and objectives. The firm's research department uses fundamental, quantitative, technical and cyclical 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 and tools such as Barron's, Bloomberg Professional, CAIS, Financial Times, JP Morgan's research, MSCI.com, Morningstar, Refinitiv, Standard & Poors.com, the Wall Street Journal and Thompson Reuters. We also use other commercially available technology, including research provided by custodians, financial periodicals and other publications, SEC filings, and financial statements to assist with our analysis. The staff will also interview fund managers, wholesalers, general partners and staff of private investment funds, participate in conference calls, earnings calls, and attend industry conferences. In certain instances, we may use outside research to provide expertise in specific investment areas or for more in-depth analysis.

Equities. SlateStone employs a top-down approach in managing client's investment portfolios. We begin with a detailed study of the macro-economic environment reviewing and analyzing business trends and the economic cycles both domestically and abroad. We look at the direction of interest rates, the influence of political policies and the general strength in business and industries. Based on the results of our study, we determine where to focus our efforts in finding global investment ideas. We then determine equity industry sectors in which to concentrate and the sub-industries that we believe will benefit from our expectations of economic growth.

SlateStone's methods for identifying new investment ideas focuses on a four-tier approach.

1. We begin by identifying investment ideas by running a quantitative screening of individual companies, screening for earnings growth rates, revenue growth rates, valuations and debt levels.
2. We then use technical analysis to review trading charts, compare the current price action to moving averages and trend lines and review relative strength and money flow indicators.
3. Stocks that pass our review are then compared using the same analysis to their closest competitors in our peer to peer analysis.
4. Stocks that pass our valuation analysis will be reviewed using fundamental analysis which involves looking at competitive advantages, the uniqueness of a company's products or services, barriers to entry, sustainable growth and potential threats.

Mutual Funds and ETFs. SlateStone evaluates, selects and monitors mutual funds and ETFs across multiple asset classes and investment styles. SlateStone's investment selection process for mutual funds begins by screening potential funds using various industry sources. The firm uses specific criteria to determine the overall investment merit of a specific fund focusing on the fund's historical performance in both bull and bear markets, current performance, fund purpose and sector, price volatility, standard deviation, the fund's returns over a specific period of time, and overall management stability and integrity.

SlateStone's investment process for exchange traded funds (ETFs) is based upon a quantitative methodology to choose ETFs that represent specific industry sectors, baskets of regional and international stocks, fixed-income instruments and commodities. By analyzing ETF data, our portfolio managers seek to identify ETFs that appear to be under accumulation by investors, particularly institutions, early in a trend, and those that appear to be out of favor.

SlateStone manages risks within our clients' portfolios by maintaining a diversified portfolio, limiting the number of holdings to a manageable total, calculating price targets and risk levels, and by rigorously monitoring the market and economic trends affecting the securities we invest in on behalf of our clients.

SlateStone adheres to the philosophy that long-term results can be achieved by adhering to established processes built on goals-oriented objectives, an understanding of the impact emotions have on investor behavior and factoring that knowledge into our portfolio construction when developing a long-term financial and investment plan for our clients. This entire process is augmented and enhanced by applying a disciplined rebalancing process to our portfolio management that's intended to reset allocation targets, maintain appropriate portfolio risk parameters and reduce overweighting.

SlateStone's sell discipline involves the same procedures we employ to identify a potential purchase candidate, simply in reverse. We carefully review the fundamentals affecting the securities purchased for our clients. We rigorously monitor peer to peer valuations and the valuations of our holdings and use technical indicators to inform our fundamental decision-making and investment timing. Our sell discipline can be triggered by certain variables including earnings deceleration, fundamental changes in a security, company or within the industry or sector and is also informed based on interpretation of macro-economic or geo-political conditions.

Bonds/Fixed Income. SlateStone's fixed income securities are selected based on client objectives for income, risk tolerance, and time horizon among other factors. Our fixed income security selection includes taxable, tax-free and high-yielding portfolios of investment grade quality.

Real Estate-Related and Other Private Investment Offerings. When appropriate, and in accordance with the client's objectives and investment plan, SlateStone may recommend the use of one or more alternative private investments in addition to our traditional investment management services. For clients for whom such services are suitable, the Firm will provide advice which includes:

- Liquid, publicly traded alternatives through mutual funds, ETFs and REITs
- Non-liquid private investments for qualified and/or accredited investors

●Real Estate	●Venture Capital
●Private Equity	●Hedge Fund
●Hard Asset Lending	

Services included within the scope of such advice include strategic research, due diligence, investment monitoring and reporting.

Private Non-traded Alternative Investments. When recommending these types of investments, we will look to potential transactions sourced by offerors known to SlateStone and its related persons that are aligned with the Client's objectives. All such offerors or their control persons will be experienced with a verifiable track record of prior transactions. Analysis will include evaluation and due diligence of the transaction, offerors and related persons, performance history and experience of offerors and related persons, liquidity of investment, current and future cash flow potential, and associated risks. Significant risk may be associated with private non-traded investments, and such risk may not necessarily be mitigated by our analysis. These investments are for sophisticated investors with large net worth and liquid assets to cover losses if necessary.

SlateStone's private investment recommendations to sophisticated investors may, on occasion, be in private funds or limited partnerships where the offeror or control persons are also clients of SlateStone. SlateStone will disclose any potential conflict to the clients that are receiving the recommendation, and clients are free to choose said investment or seek an investment that does not pose a potential for conflict.

SlateStone is not compensated by any means, either commission or "finders" fee, for advising a client to invest in a private fund operated by an individual who is also a client of SlateStone. SlateStone acts in its fiduciary capacity to represent investments suitable for and in the best interests of all of its clients. Private investment partners or control persons that are clients of SlateStone compensate SlateStone only as an investment client of SlateStone under an Investment Management Agreement for the services received as a client of the Firm.

External Independent Managers. SlateStone's discretionary authority includes the ability to select any US registered investment adviser to manage client assets based on specific criteria, and such managers could invest client assets in separate accounts or investment funds managed by other advisers. These external investment managers are authorized to buy, sell and trade in securities in accordance with client investment objectives as communicated by SlateStone. SlateStone 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 interest. SlateStone's research team conducts a thorough review process to select external manager strategies and runs portfolio analytics and reviews proprietary research along with fundamental and historical pricing and relative pricing. This review includes quantitative and qualitative analyses which could include direct discussion with the manager to assess each manager's likelihood of generating future returns as well as to measure the risks associated with the generation of those returns. The research team monitors external managers for adherence to their stated investment process and regularly assesses whether risks are being responsibly managed. The ongoing screening process is also designed to uncover new external investment strategies that could be utilized for SlateStone's clients.

Donor Advised Funds. SlateStone can facilitate a client's interest in charitable giving by allocating a portion of the client's assets to a donor advised fund. In specific circumstances, a foundation will administer the donor advised funds for clients and SlateStone will manage the assets in these donor-advised funds.

Derivative Investments. SlateStone could utilize derivative investments and options where suitable for its clients to meet specific objectives for growth, risk management, and income. The firm will determine, analyze, select and monitor derivative securities for clients qualified to invest in them.

Structured Notes. A structured note is a financial instrument that combines two elements, a debt security and exposure to the underlying asset such as: equities, currencies, bonds, commodities, or funds and one or more derivatives that are structured into one securitized instrument. As a note, it carries counter-party risk of the issuer with the return on the note linked to the return of an underlying asset. The most common type of structured product utilized selectively at SlateStone is a buffered return-enhanced note which provides for some downside market protection while leveraging market returns on the upside and is linked to a particular market index (such as the S&P 500 Index).

Structured products could involve a high degree of risk and could be highly complex, but they could also be used as flexible alternatives to traditional investment categories while providing attractive additional features, such as capital protection, yield enhancement, leverage or a combination thereof. On a selective basis, SlateStone could employ the use of structured products within client accounts when suitable to the client's overall asset allocation, investment time horizon and risk profile. Importantly, investors could receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Further, structured notes could also encounter liquidity issues, when being sold prior to maturity.

Pledged Accounts

We have some client relationships where there is a non-purpose line of credit that is secured by the advisory investment account. These lines are charged a floating rate of interest on any outstanding balance based upon a spread over a Secured Overnight Financing Rate (SOFR). When assets are pledged as collateral for a non-purpose line of credit, several risks arise. Market volatility can impact the value of the pledged assets, potentially triggering a maintenance call if the value falls below a certain threshold. This could lead to the forced sale of assets or additional capital requirements. The floating interest rate, based on SOFR, introduces interest rate risk, as an increase in SOFR would result in higher interest payments. Furthermore, the use of SOFR, a risk-free rate, may not accurately reflect the credit risk involved. Liquidity risk is also a concern, as access to funds in the pledged account may be limited. Lastly, there may be adverse tax implications when selling securities to meet a maintenance call. These risks should be thoroughly understood by clients before they pledge assets or accounts.

Investment Strategies

SlateStone's professional investment team manages individual equity portfolios on both a customized basis (where we craft bespoke strategies for clients) and individual equity portfolios with the following objectives:

- *High Quality Dividend Strategy* is a dividend-income focused equity strategy designed to provide cash flow and lower equity market volatility comparative to the S&P 500 Index. The strategy will typically hold 30 – 40 large and mid-cap individual US Equities to achieve its objectives and is appropriate for clients seeking equity-like income and modest growth of capital and is managed with a lower-than-average turnover to provide tax efficiency.

- *Core Equity Strategy* is a diversified large and mid-cap, individual equity strategy designed as a foundational portfolio to deliver enhanced risk-adjusted returns through active management and diversification. This long-term growth-oriented strategy typically holds 25 – 35 large and mid-cap global equities and is suitable for investors with a moderate risk tolerance and a time horizon of 2-3 years or more.

- *GARP Equity Strategy* is a diversified large cap, individual equity strategy focused on companies with stable and consistent earnings growth & profitability trading at attractive relative and absolute valuations. The strategy will typically hold 30-40 large cap domestic equities and ADRs and is appropriate for investors with a time horizon of greater than 2 years and a moderate risk tolerance.

- *Small Cap Growth Strategy* is a small cap strategy that invests in individual equities evaluated to be disruptive innovators with strong potential for long-term growth and capital appreciation. This long-term disruptive growth strategy will typically hold 30-40 positions designed to deliver outsized returns through thematic sector allocation and diversification. The strategy is best suited for investors with a high-risk tolerance and a time horizon of over 3 years.

- *Dividend Growth Equity Strategy* is a dividend growth focused equity strategy that invests exclusively in S&P 500 Index companies that have increased their annual dividend payments for at least 25 consecutive years. The strategy will typically hold 50-65 individual equities and will seek to provide a growing stream of dividend income and long-term capital appreciation. The dividend growth strategy is suitable for investors with a moderate risk tolerance and a time horizon of greater than 2 years.

As part of the firm's *Strategic Portfolio Management Service*, SlateStone has developed asset allocation strategies and processes to manage client portfolios. These strategies could be combined, as appropriate, for each client's personal financial condition and investment objectives. SlateStone offers six asset allocation strategies to align with overall client objectives and risk tolerances and which invest primarily in mutual funds and exchange traded funds:

- Fixed Income
- Conservative Growth
- Moderate Income
- Moderate Growth
- Growth
- Aggressive

Based upon market conditions and the firm's investment outlook, the composition of the above portfolios could include, at varying percentage allocations, the following asset classes:
- Equities including domestic, global, international, large, mid-cap and small cap, sector and diversified funds
- Fixed income including short and long-term high quality, mortgage back, strategic income, bank loans, high-yield
- Alternatives including long/short, tactical, hedging, real estate, hard-asset and multi-asset. Some alternatives are liquid and others are illiquid (subject to accreditor investor qualifications).

Furthermore, the portfolios percentage asset allocation ranges (across cash, equities, fixed income, alternatives) can be modified upon approval of the firm's Investment Policy Committee to align closely with our investment thesis in different market environments.

In certain sized portfolios and based upon client objectives and suitability, and where appropriate, structured notes will be utilized as well.

Accounts managed in SlateStone's *Strategic Portfolio Management* strategies are designed to meet the specific needs of a common group of clients.

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, and other investments can fluctuate substantially over time. Other factors such as economic and political events can also affect the performance of your investments. There is no guarantee, despite our due diligence review and monitoring, that you will not lose money or that you will meet your investment objectives. We encourage you to discuss any questions that may arise regarding our investment philosophy and your portfolios throughout the course of our relationship.

<u>Equity-Related Securities and Instruments</u>. The firm could take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies could report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies could suffer a decline in response. Equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and could do so again in the future. Investments in small-capitalization, mid-capitalization and financially distressed companies could be subject to more abrupt or erratic price movements and could lack sufficient market liquidity, and these issuers often face greater business risks.

<u>Fixed Income Securities</u>. Fixed income securities are subject to the risk of the issuer or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility.

<u>Mutual Funds and ETFs</u>. Shareholders are liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value "NAV" plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The trading prices of a mutual fund's shares could differ significantly from the NAV during periods of market volatility,

which could, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies could cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder could have no way to dispose of such shares.

Alternative Private Investment Risk. (non-traded securities and limited partnerships) Alternative private investments are investments with companies or in sectors that are not publicly traded. These investments are normally very illiquid and can be volatile; therefore, they are not ideal for clients with frequent or unknown cash needs. There is normally no public market for alternative investments. As a result, if investors need to sell their shares, they will most likely do so at a substantial discount. Further, depending on the terms of the investment, the investor may not be able to transfer or sell their shares. The risk of investing in alternative private investments is a substantial or complete loss of invested funds. In addition, investors may not see any return on investment for some time depending on the type of investment and its expected time horizon and as a result, these investments should be seen as a long-term investment subject to a high risk of loss. Note that investors must typically meet income and net worth thresholds to invest in these investments.

Listed below are some potential risks with any investment:

Cash Management Risks. The firm will invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account could be prevented from achieving its investment objective.

Cybersecurity Risk. The technology software and systems used by SlateStone and its respective service providers could be vulnerable to inadvertent interruption. In addition to natural catastrophes, service outages or security breaches could result in disruption and theft of data, including investor information. SlateStone has implemented cybersecurity procedures meant to address these risks. Additionally, there are inherent limitations in cybersecurity policies, procedures and controls including the possibility that certain risks have not been identified. SlateStone has conducted due diligence and risk assessments of our third-party providers. However, SlateStone is not able to control the cybersecurity plans, breach notifications, incident response plans and controls put in place by these service providers. It is in the client's best interest to monitor all of their accounts on a regular basis and stay informed of cybersecurity best practices for their personal devices.

Event Risk. An adverse event affecting a specific company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The issuer could become unable to handle its debt service or receive a downgraded credit rating by a rating agency.

Fund Manager Risk: There is the risk that the investment, despite our due diligence review and monitoring, becomes threatened due to unknown circumstances, actions or decisions of the Fund Company and its employees resulting in a negative impact on shareholders.

Inflation Risk. Inflation is a general upward movement of prices reducing your purchasing power, which is a risk for investors receiving a fixed rate of interest. The concern for individuals is that inflation will erode returns.

Interest Rate Risk. An increase in interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

Liquidity Risk. Securities that are normally liquid could become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities could be infrequently or thinly traded even under normal market conditions.

Margin Risk. Some of our investment strategies require that you maintain a margin account. Clients who purchase securities could pay for them in full or could 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 clients to determine if it is appropriate.

Market Risk. Investing involves risk, including the potential loss of principal, and investors should be guided accordingly. The profitability of a significant portion of SlateStone's recommendations and/or investment decisions could depend, to a great extent, upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments could be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that SlateStone will be able to predict these price movements accurately or capitalize on any such assumptions.

Pandemic Risk. Pandemic risk may have long-term effects on causing extreme volatility and disruption in both the U.S. and global markets leading to uncertainty and risks to economic growth, etc. SSW cannot predict the effects of significant future events on the global economy and securities markets. A similar disruption of the financial markets could impact interest rates, credit risk, inflation, and other factors.

Political Risk. The events that occur in the home country of the foreign company could impact valuations. Events such as revolutions, nationalization, currency collapse or other types of events can have a negative impact on the security.

REIT Risk. Real Estate Investment Trust (REIT) share prices could decline because of adverse developments affecting the real estate industry and real property values. In general, real estate values can be affected by a variety of factors, including supply and demand for properties, the economic health of the country or different regions, and the strength of specific industries that rent properties. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Tax Harvesting Risk. Efficient tax-loss harvesting is an important component of a customized portfolio approach. Tax harvesting is a strategy where an ETF or mutual fund is sold at a taxable loss and replaced with a security whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy could also incur an increase in the frequency of trading and amount of transaction costs.

Volatility Risk. The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and the programs and policies of governments.

Derivative Risk. Investing and engaging in derivative instruments or derivative transactions such as options, commodity funds and commodity exchange traded funds, could involve different types of risk and possibly greater levels of risk such as those listed below.

- Leverage Risk. A derivative instrument or transaction could 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.
- 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 "counterparty", to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account could lose the benefit of the contract and could have difficulty reclaiming any collateral that an account could have deposited with the counterparty.
- Lack of Correlation. The market value of a derivative position could 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 could result in an account's assets being incompletely hedged or not completely offset 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 could be unable or unwilling to terminate a contract with an account, especially 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 SlateStone will be able to correctly value these interests.

Item 9 - Disciplinary Information

SlateStone does not have any disciplinary matters to disclose regarding its advisory business or the integrity of its management, however, one of our registered representatives does.

While employed by Banyan Partners, LLC (Banyan) Mr. Payne believed that Banyan had completed the process of registering him in Florida as an investment advisor representative. Banyan failed to complete the registration process, and Mr. Payne was unaware of the non-compliance until after he joined Morgan Stanley in early 2014. Banyan's error resulted in a finding by the Office of Financial Regulation that Mr. Payne conducted advisory business in Florida without registration.

Additional detail on Mr. Payne's disciplinary information can be found at https://adviserinfo.sec.gov/individual/summary/3126312.

Item 10 - Other Financial Industry Activities and Affiliations

SlateStone is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investments company or hedge fund, and offshore fund), a futures commission merchant, commodity pool operation, or commodity trading advisor, or a banking or thrift institution.

We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. Certain SlateStone employees serve on corporate boards; however, such board participation requires approval by SlateStone's CEO and does not create any material conflict for SlateStone or the employee/principals involved.

Emerald Planning is an outside business owned by one of our Investment Advisor Representatives, Joshua Rudolph. Emerald Planning is not affiliated with SlateStone. Joshua's ownership of Emerald Planning represents an outside business activity and additional compensation situation, which is disclosed on his Form ADV Part 2 B and on https://adviserinfo.sec.gov/.

SlateStone's advisers who hold separate insurance licenses recommend certain insurance products, such as disability and life insurance and fixed or variable annuities, among others, to meet a client's financial goals. These recommendations could earn the advisers commissions, potentially influencing their advice.

In some instances, your adviser may refer you to an independent, non-affiliated insurance agent for guidance or to purchase insurance products. You are not obligated to follow any insurance or annuity recommendations made by your adviser or the referred agent. SlateStone does not receive any compensation from insurance or annuity sales, nor does it reduce its advisory fee to offset any related commissions.

Please note that some insurance recommendations may not be subject to the same fiduciary standard as investment advice.

Item 11 - Code of Ethics

SlateStone has adopted a Code of Ethics (the Code), which serves a number of purposes. First, the Code is designed to assist SlateStone in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, SlateStone owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with SlateStone to deal fairly with clients putting the interests of its clients ahead of personal interests. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information. In this regard, SlateStone's associated persons are not to take inappropriate advantage of their positions relative to SlateStone clients.

The Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons, including procedures for reporting and review of such trading. SSW utilizes technology to monitor employee trading activities.

Employees may buy or sell for themselves a security being recommended to a client. Employees are asked to fill client trades prior to entering their personal trades. Due to market conditions, this practice may create a situation where the employee receives a better price than the client.

A number of our employees are practicing Chartered Financial Analysts (CFAs®) and are required to subscribe to the CFA Institute Code of Ethics and Standards of Professional Conduct. The Code and Standards are accepted in writing and adherence affirmed on an annual basis by the employee holding the designation. A written copy of the CFA Institute Code of Ethics and Standards of Professional Conduct can be provided upon request.

Item 12 - Brokerage Practices

Best Execution and Benefits of Brokerage Selection

SlateStone seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Best execution means the most favorable terms for a transaction based on all relevant factors. Therefore, SlateStone could use or recommend the use of brokers who do not charge the lowest available commission in recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and could be used in servicing any or all of SlateStone's clients. Therefore, research services received is not solely used for the account for which the particular transaction was affected.

SlateStone has established brokerage arrangement with Charles Schwab & Co., Inc. (Schwab) and Fidelity Brokerage Services LLC (Fidelity) . We will recommend that clients establish a brokerage account with one of these non-affiliated custodians. Although we may recommend that clients establish accounts at one of these custodians, it is ultimately the client's decision as to where to custody their assets. We are independently owned and operated and are not affiliated with Schwab or Fidelity. They will hold your assets in a brokerage account and buy and sell securities when we instruct them to in accordance with our investment management agreement. The Custodians' products and services that assist SlateStone in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The Custodians offer other services intended to help SlateStone manage and further develop its business enterprise. Some of these services include (i) technology, compliance, legal and business consulting (ii) publications and conferences on practice management and business succession (iii) access to employee benefits providers, human capital consultants, and insurance providers (iv) make available, arrange, and/or pay third-party vendors for the types of services rendered to SlateStone (v) discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SlateStone.

The Custodians also provide other benefits such as educational events or occasional business entertainment for SlateStone personnel. In evaluating whether to recommend that client's custody their assets at the Custodians, SlateStone takes into account the availability of some of these foregoing products and services and not just the nature, cost or quality of custody and brokerage services provided by the Custodians, which could create a potential conflict of interest. See item 14 for more information on the conflicts of interest associated with these arrangements.

The firm will conduct, at least annually, a Best Execution Review which shall be summarized to include the overall effectiveness of the Brokers' overall performance for the clients of the firm.

Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for fixed income securities transactions).

In addition to SlateStone's investment management fee, clients will also be subject to brokerage commissions and/or transaction fees. Furthermore, when transactions of mutual funds or exchange-traded funds are made, they will incur charges at the fund level. These charges include fund management fees and other fund-related expenses. Please note that SlateStone does not receive any of these additional charges. SlateStone's only compensation is our investment management fee. For more information related to the fees of mutual funds or ETFs, please refer to the respective fund's prospectus. Information about brokerage commissions and transaction costs can typically be found in the broker's or custodian's fee schedule or service agreement.

Directed Brokerage

Clients can direct SlateStone to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation can result in certain disadvantages to the client, such as higher commissions or less favorable execution. By directing brokerage arrangements, the client acknowledges that economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact a client chooses to use the brokerage and/or custodial services of alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s). As a matter of practice, we will trade your account with your broker of record.

We have established a relationship with Schwab and Fidelity for the custody of client assets. Both provide us the ease of transacting client requests. We feel that the services and fees charged by these brokers meet our best execution best efforts.

By directing SlateStone to use a specific custodian, clients who are subject to ERISA confirm that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the custodian through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid to the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific custodian is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Investment Allocation and Trade Aggregation

The overriding principle governing SlateStone's allocation and aggregation process is the fair and equitable treatment of all clients in the allocation of investment opportunities, the aggregation of client orders and resulting allocation of securities or transaction proceeds. The Investment Policy Committee and the firm's CCO monitors the trading allocation procedures on a regular basis, as does the firm's trader. SlateStone's trading department prioritizes the release of trading orders with respect to its advised separate accounts as follows:

- Discretionary accounts that do not have restrictions
- Accounts with restrictions that require manual intervention to process trades (Restrictions include deviations due to specific cash needs or liquidity, tax-implications, security-restrictions, unsupervised holdings, etc.)
- Accounts with directed brokerage arrangements
- Non-discretionary accounts that require a client's pre-approval of trades

Due to the sequence of placing trades for accounts, it is possible that accounts that are traded first receive more favorable pricing than accounts that are traded last.

Trade Aggregation & Order Handling

As previously noted in our *Strategic Portfolio Managemen*t services, we offer model asset allocation strategies, and through our *Customized Investment Management* services, we provide individually customized investment portfolios. Clients in our model asset allocation strategies typically hold the same securities as other clients in the same strategy with variations depending on the time of purchase of securities in the strategy and initial allocation.

When possible, we block or aggregate orders when buying and selling securities held in our asset allocation strategies and distribute or allocate the shares to the respective clients' accounts. We block or aggregate orders with each custodian, resulting in several block trades in one security at one time. This practice could 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.

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 the 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 would allocate in a manner that we believe is fair to all clients.

Clients with individual custom portfolios, do not always hold the same securities as other clients in custom portfolios. Typically, the variations among these portfolios can be substantial between one client and the next and are therefore difficult to aggregate for block trading purposes. 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 could, but are not obligated to, block these orders to obtain best execution. Similar to the process with the model asset allocation strategies, we average the price of the transaction and allocate the positions on a pro-rata basis across the participating clients' accounts. SlateStone does not receive any additional compensation as a result of aggregating or blocking trades.

Employee Participation in Aggregated Trades.

At times, accounts for clients and related persons, who have engaged the firm as an adviser, will be rebalanced to account for changes in the strategy or to account for the change in ratio of assets that results from contributions and withdrawals to or from the accounts. The purpose of these rebalancing transactions is to bring each account's exposure to a commonly held investment in line with the account's percentage of total assets under management. Trades will be aggregated for all clients and related persons. If the entire block order is not filled, then the trader will allocate the fills on a pro rata basis across client and related persons accounts.

Trade Rotation

Generally, trades will be aggregated for each group of participating client accounts that share a common custodian. SlateStone places the orders for aggregated block trades through a rotation of the executing custodians so that no group is disadvantaged over time by the timing of the executions.

Agency Cross Transactions

The Firm does not engage in agency cross transactions.

Cross Transactions

It is the Firm's policy to engage in cross trade transactions only in accordance with its fiduciary duty to seek to receive the best available execution on behalf of its clients. All cross trades must receive the prior written approval of the Firm's Chief Compliance Officer. The firm does not generally engage in cross transactions.

Self-directed/Unsolicited Trades

On occasion, a client may request that we buy or sell a security on their behalf. These self-directed/unsolicited trades will be accommodated on a 'best efforts' basis meaning we use reasonable efforts to accommodate a client request. In periods of increased market volatility, there can be delays in trading and prices can swing dramatically, although we expect these situations to be exceptions.

If this is a purchase of a security, we will be available to execute a closing transaction on future instructions received from a client, but we will not be managing this holding on a discretionary basis and the position will be marked as ‘non-discretionary’ or ‘unsupervised’. Further, as a self-directed holding outside of our discretionary management, it is the client’s responsibility to monitor and direct us when to sell the holding.

We will periodically discuss the overall portfolio including self-directed holdings in relation to the client’s overall financial objectives, however, we will not be able to accept liability for any performance results or lack thereof on self-directed holdings.

Client Participation in Transactions

A particular account may or may not participate in a specific transaction or may receive allocations of securities or investments that differ from that provided to other accounts, based on a number of factors including, but not limited to, the trade rotation policy, previous transactions, account restrictions, account size, tax status, risk tolerance, cash, and liquidity. Although SlateStone generally will seek to be consistent in its investment approach for all accounts with similar investment objectives and strategies, the act of purchasing, selling or holding a security for one account does not mean it will be purchased, sold or held for another account. Due to differing market conditions and factors previously cited, SlateStone could purchase (or sell) a security on behalf of some accounts that SlateStone has sold (or purchased) on behalf of other accounts and could do so at varying prices.

Item 13 - Review of Accounts

SlateStone strongly believes that ongoing client account reviews are an integral part of a proactive investment advisory process. The firm has developed a process to conduct regular client portfolio reviews and ongoing monitoring of client accounts.

SlateStone’s wealth advisors, supported by the portfolio management team, and with oversight by SlateStone’s Investment Policy Committee are responsible for clients’ investment plans and positioning of accounts based on market conditions and risk tolerances. In addition to our ongoing monitoring of managed clients, the client advisors will conduct an in-depth review of client portfolios at a minimum annually and more frequently based on a determination with individual clients or the complexity of the strategy. Part of the review process includes a careful review of the client objectives to confirm nothing has changed as well as a review of the asset allocation to determine it is in line with stated objectives and is being managed in accordance with SlateStone’s stated strategy objective, policies and procedures.

SlateStone’s Chief Compliance Officer or designee will also conduct a review of the services selected and the suitability of those selections based on the information provided as part of the new account documentation. At a minimum, accounts are reviewed by senior management on an annual basis to ensure that current investments remain consistent with stated objectives.

Significant changes in the market, as well as any changes in a client's financial circumstances that have been communicated to SlateStone, could also trigger a more frequent review of client portfolios. Furthermore, client accounts are reviewed when a major event or shift in market conditions are expected to impact portfolios or holdings. SlateStone's CCO will also conduct periodic reviews of client portfolios to determine the suitability of the strategy being employed and that it remains in line with client's stated objectives as detailed on the client's respective documents.

Financial planning and consulting services clients are reviewed by our financial planning team on an ongoing basis and in accordance with the terms entered into with the client in our *Financial Planning and Consulting Agreement*. We may provide these clients with summaries of our analyses and related conclusions as well as special reports that we mutually agree are necessary. The frequency of these reviews will be determined with the client and their respective wealth advisor. We encourage our clients to discuss their needs, goals and objectives and keep us informed of any material changes.

Diminished Capacity/Suspected Fraud

In the event the advisor believes the client is acting in a state of diminished capacity or suspects a third party is fraudulently directing the client in such a way that would financially harm the client, the advisor reserves the right not to transact an investment, withdrawal, or deposit. The advisor will then report the incident to the proper authorities. Clients are encouraged to designate a trusted contact that the advisor can contact on the client's behalf in case of diminished capacity or suspected fraud.

Item 14 - Client Referrals and Other Compensation

Client Referral Arrangements

SlateStone has a policy that allows us to accept clients referred by affiliated and unaffiliated promoters and to pay these promoters a percentage of our collected investment advisory fees without any additional charge to the client. This arrangement is not exclusive between SlateStone and the promoter, and we will accept only clients that are suitable for our management and where we can help meet the client's objectives.

We have entered into a referral agreement with each promoter and we require each promoter to disclose to each prospective client the terms of the referral arrangement between SlateStone and the promoter, including the compensation to be received by the promoter from SlateStone. SlateStone will prepare and send client a promoter disclosure statement which discloses compensation being paid to the promoter. When a promoter refers a prospective client, it presents a conflict of interest since the promoter is compensated if the prospect becomes a client. At least annually, the firm will review all third-party referral arrangements.

SlateStone may be paid a referral fee by other advisers when it refers individuals and other entities to those advisers. Such referrals are provided when the individual or entity does not meet the minimums to become a SlateStone client, or SlateStone does not provide the type of services requested. The individual or entity is not charged an additional fee for the outside adviser's compensation to SlateStone.

A client may refer someone to the firm; however, SSW does not have an arrangement where it compensates a client, whether directly or indirectly, for such referrals.

Other Professional referral sources

SlateStone's highly customized, integrated approach to wealth management includes working closely with accounting, legal and insurance firms. We have arrangements with these and other professional referral sources to pay them referral fees. This in no way increases the investment advisory fees the client is charged. All applicable Federal and or State laws are observed, and appropriate disclosures are made.

SlateStone receives referrals from the public accounting firm, King & Lenson, CPAs. P.A, "K&L." Terri King, CPA is a minority equity member of SlateStone and a majority equity member of K&L. Ms. King is a full-time employee of K&L but does attend scheduled partner meetings of SlateStone. The K&L website is www.kinglensoncpas.com. Each company is owned and operated independently from the other. As a result, there is never any obligation on behalf of the client referred to either firm to use one or both companies. K&L and its employees are compensated for referring clients to SlateStone for investment advisory services. As such, all applicable Federal and/or State laws will be observed, and appropriate disclosures made.

Schwab Advisor Network

Slatestone receives client referrals from Charles Schwab & Co., Inc. (Schwab) through our 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 SlateStone. Schwab does not supervise SlateStone and has no responsibility over the management of Clients' portfolios or its advice or services. SlateStone pays Schwab fees to receive client referrals through the Service. SlateStone's participation in the Service raises potential conflicts of interest described below.

SlateStone pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages SlateStone to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by SlateStone is a percentage of the value of the assets in the client's account. SlateStone pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is paid by SlateStone and not by the client. SlateStone has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs it charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of SlateStone clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, SlateStone will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. Because of these combined benefits, we are offering these referred clients a discount to our fee schedule. You should consider these conflicts of interest when selecting a custodian.

Other Compensation

SlateStone's compensation structure allows for its wealth advisory professionals to be compensated with a percentage of revenue based upon the net fee revenue generated by clients serviced by said advisor. This practice presents a potential conflict of interest for SlateStone because an incentive exists for the advisor to recommend that client deposit additional assets or transfer outside assets to our management based upon compensation rather than client needs. As a fiduciary, SlateStone is required to act solely in the best interest of its clients. SlateStone 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 the client.

One of our employees, Joshua Rudolph, owns an insurance business. For further details, please consult Mr. Rudolph's Form ADV Part 2 B (specifically, Item 4 and Item 5) and item 10 of this Form ADV Part 2 A. Our firm does not receive any share of the insurance commissions earned through the employee's insurance business.

Item 15 - Custody

SlateStone has established procedures to ensure all client funds and securities are held at an unaffiliated qualified custodian in a separate account for each client under that client's name. Account statements are delivered directly from the qualified custodian to each client at least quarterly. Clients should carefully review those statements and are urged to compare their custodial statements against reports received from SlateStone. On occasion our reports can vary slightly from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. When clients have questions about their account statements, or do not receive an account statement, they should contact SlateStone or the custodian preparing the statement.

SlateStone is deemed to have custody of your assets, not requiring an annual surprise audit, if you have instructed your custodian to deduct our advisory fees directly from your account or granted us authority to move money to another person's account. Your custodian maintains actual custody of your assets.

One of our advisory representatives is a trustee on several accounts. Due to that relationship, we do have custody on several accounts and are required to undergo an annual surprise audit and file form ADV-E. We have arranged for this audit.

Item 16 - Investment Discretion

SlateStone will accept clients on either a discretionary or non- discretionary basis. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving SlateStone the authority to carry out various activities including the following: trade execution, request checks on behalf of the client and the withdrawal of advisory fees from the account. The client can limit the terms of the LPOA to the extent consistent with the client's Investment Management Agreement with SlateStone and the requirements of the client's custodian.

For non-discretionary accounts, the client also generally executes an LPOA, which allows SlateStone to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the Investment Management Agreement between SlateStone and the client, SlateStone does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients can limit the terms of the LPOA, subject to SlateStone 's agreement with the client and the requirements of the client's custodian.

Class Action Suits

A class action lawsuit is a lawsuit brought by one party on behalf of a group of shareholders all having the same grievance with a company in an effort to obtain monetary compensation.

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. The Adviser is not responsible for processing, documenting, or monitoring class actions on behalf of the client. However, if requested and as a courtesy to the Client, the firm may assist in preparing the paperwork to file the class action. The decision of whether to participate in the recovery, or opt-out, may be a legal one that the Firm is not qualified to make for the client. Therefore, the Firm generally will not file "Class Actions" on behalf of any client.

Item 17 - Voting Client Securities

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

Item 18 - Financial Information

Registered investment advisers are required to report certain financial information or disclosures about our financial condition. We have no financial situation that impairs our ability to meet our contractual and fiduciary commitment to our clients.

We do not collect advance fees of $1,200 or more for services to be performed six months or more in the future.