

# Walnut Hill Advisors, LLC

Zero Governors Ave Suite 34

Medford, MA 02155

(888) 278-9433 / telephone

(888) 278-0203 / Fax

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

Email: [info@walnuthilladvisorsllc.com](mailto:info@walnuthilladvisorsllc.com)

March 31, 2015

This Brochure provides information about the qualifications and business practices of Walnut Hill Advisors, LLC “ADVISOR”, “We,” “Us,” “WHA,” “Our Firm”. If you have any questions about the contents of this Brochure, please contact us at (781) 393-0021 or [info@walnuthilladvisorsllc.com](mailto:info@walnuthilladvisorsllc.com).

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

Walnut Hill Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Walnut Hill Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (SEC Number: 152729)

## Item 2 – Material Changes

### **There have been no material changes since last filing**

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure (this document) may be requested by contacting Christopher Grande, Principal at (888) 278-9433 or [info@walnuthilladvisorsllc.com](mailto:info@walnuthilladvisorsllc.com). Our Brochure is also available by request through our web site [www.walnuthilladvisorsllc.com](http://www.walnuthilladvisorsllc.com), also free of charge.

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

### Item 3 -Table of Contents

Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	9
Item 7 – Types of Clients .....	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	12
“Investing in securities involves risk of loss that clients should be prepared to bear.” .....	12
Item 9 – Disciplinary Information .....	14
Item 10 – Other Financial Industry Activities and Affiliations .....	14
Item 11 – Code of Ethics .....	15
Item 12 – Brokerage Practices .....	17
Item 13 – Review of Accounts .....	20
Item 14 – Client Referrals and Other Compensation .....	22
Item 15 – Custody .....	22
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities .....	23
Item 18 – Financial Information .....	24
Item 19 – Requirements for State-Registered Advisers .....	24

## Item 4 – Advisory Business

### A. Advisory Business

Walnut Hill Advisors, LLC (“WHA”) began operations as a Massachusetts Registered Investment Advisor (aka “RIA” in industry lingo) on January 1, 2010. WHA operates its investment advisory and financial planning business as “Walnut Hill Advisors” and offers personalized investment advisory services to:

- Individuals
- pension and profit sharing plans
- trusts
- estates
- charitable organizations and
- corporations

The Firm’s services and fee arrangements are described in the following pages.

WHA is a limited liability company formed under the laws of the Commonwealth of Massachusetts. WHA is registered with the Commonwealth of Massachusetts (“MA”) as an investment adviser in compliance with the Massachusetts Uniform Securities Act (“MA Act”) and applicable portions of the Investment Adviser Act of 1940 (“the Act”). This narrative provides clients with information regarding WHA and the qualifications, business practices, and nature of advisory services that clients should consider before becoming an advisory client of WHA.

Please contact Christopher A. Grande, Principal, if you have any questions about this form. Additional information about WHA is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for WHA is 152729.

Individuals associated with WHA will provide its investment advisory services pursuant to a written investment advisory “agreement.” Investment advisory services begin with the effective date of the investment advisory agreement. The Agreement continues until terminated by either party providing thirty (30) day written notice to the other. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of WHA. Such individuals are known as Investment Adviser Representatives (IARs).

### B. Types of Services

- Investment Management Services
- Financial Advisory Consulting Services

## **INVESTMENT MANAGEMENT SERVICES**

### **PORTFOLIO MONITORING & ASSET ALLOCATION SERVICES**

WHA will provide asset allocation services and/or portfolio monitoring/review services to clients on a continuous basis. Clients may be offered this service on either:

1. A discretionary basis, which means you authorize WHA to buy and sell for you at the time we choose, without obtaining client permission for each and every trade
2. Or non-discretionary basis, which means WHA must consult with you to obtain your consent before every trade.

All client assets will be held by a third-party custodian bank, trust company, or broker-dealer that is not affiliated with WHA. Most of WHA's clients choose TD Ameritrade, Inc. or its clearing broker TD Ameritrade Clearing, Inc. for execution and custodian services; and enter into separate agreements with these firms to provide these services. If the client chooses TD Ameritrade, Inc. or its clearing broker TD Ameritrade Clearing, Inc. (hereinafter collectively referred to as "TDA Institutional"), all transactions will be executed by TDA Institutional (subject to WHA's best execution obligations, discussed below) and all assets will be held by TDA Institutional as custodian.

Note: This means that we will have no authorization or ability to remove funds or securities from your account. We can only buy or sell within the account. We can only arrange to have TD Ameritrade, Inc. send you funds and/or securities from your account if proper authorizations have been signed.

As part of this service, WHA and its IARs will assist the client in determining their:

- investment goals and objectives
- risk tolerance,
- and retirement plan time horizon

We will use these factors in order to implement an initial portfolio strategy designed to complement their educational, home ownership, and retirement funds goals and objectives. We will create a portfolio that may contain individual stocks, bonds, no-loads funds, load-waived funds, and/or other securities upon engaging the Firm's services. Such portfolios may also consist of variable life and/or variable annuity sub-accounts, which may have already been sold to clients, on a full commission basis.

Portfolios will be initially designed to meet a particular investment goal, which we and the client have determined to be appropriate for the client's circumstances. We will usually set out in writing these parameters in an Investment Policy Statement ("IPS"). Once the appropriate portfolio has been determined, the IAR will review the portfolio at least

quarterly and, if necessary, rebalance or change such portfolio, based upon the client's individual needs and stated goals and objectives. Clients will have the ability to place reasonable restrictions on the types of investments to be held in the portfolio.

Our strategy, generally, will be to seek risk-managed long term portfolio growth while providing clients with access to the personal advisory services of its IARs on at least an annual basis, or more often, depending upon our agreement with each client. These general investment policies are subject to the client's particular IPS covering each client account.

WHA or the client may terminate the advisory agreement it has with WHA within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the agreement. Clients will receive, where applicable, a pro-rated refund of any prepaid advisory fees. Such pro-rated refunds will be based upon days remaining in the quarter from the termination date for which services were not provided.

## **FINANCIAL ADVISORY CONSULTATION SERVICES**

Financial Advisory and Consulting Services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. We begin the process typically with an initial complementary consultation. If during or after the initial consultation, the prospective client decides to engage us (WHA) for financial planning services, we will collect pertinent information about the client's personal and financial circumstances. WHA will conduct follow up meetings for the purposes of reviewing and/or collecting financial data, as necessary. Once such information has been reviewed and analyzed, we will produce and present a written financial strategy, designed to help achieve the client's expressed financial goals and objectives.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, We offer general consulting services that address only those specific areas of interest or concern, depending on each client's unique circumstances.

A client may act on recommendations made by WHA by placing securities transactions with any brokerage firm the client chooses. The client is under no obligation to act on our financial planning and/or consultation recommendations. Moreover, if the client elects to act on any of the recommendations, the client is under no obligation to implement the financial plan or consultation through WHA.

Either party may terminate the financial planning or consultation agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the financial planning or consultation agreement by providing written notice to the other party. If the financial planning or consultation agreement is terminated in this manner, fees will be returned to the client pro rated for work already

performed.

### **C. Tailoring Services to the Needs of Our Clients**

**We work with clients to develop a financial profile and determine appropriate investments, investment time-frames, and levels of risk. The profile is developed as follows:**

1. Gather client information.
2. Consult with client to determine goals and objectives.
3. Review basic financial data which may include overviews of assets and liabilities, cash flow, tax situation, short-term events, long-term goals, risk management, and estate structures.
4. Identify the need for additional professional advice re: legal, tax, etc.

(CLIENTS MAY IMPOSE REASONABLE RESTRICTIONS ON INVESTMENTS BASED ON PERSONAL ETHICS, RELIGION OR OTHER FACTORS WHICH WILL BE AGREED TO IN THE CLIENT AGREEMENT)

### **D. SELECTION, RECOMMENDATION, DUE DILIGENCE, AND PERFORMANCE APPRAISAL OF THIRD PARTY INVESTMENT ADVISORY SERVICES**

In addition to managing client accounts directly, the Firm and its IARs will, under certain circumstances, recommend that a client engage (for all or a portion of its portfolio) a Third Party Investment Advisory (TPIA) Service to provide additional services or expertise that WHA believes will be beneficial to the client. This means for some clients having an outside firm make the investment buy and sell decisions for clients.

IARs of WHA will provide personal advisory services to their clients in the selection of a particular Third Party Advisory Service. Factors considered in the selection of a Third Party Advisory Service include but may not be limited to:

- (i) each individual IAR's preference for a particular Third Party Advisory Service;
- (ii) the client's risk tolerance, goals, and objectives, as well as investment experience;
- (iii) the size of the client's assets available for investment.

In addition, IARs of WHA may receive compensation from these investment managers for referring clients – and because such compensation may differ depending on the individual agreement with each Third Party Advisory Service – IARs may have an incentive to recommend a particular Third Party Advisory Service over other investment managers with which WHA may have less favorable compensation arrangements or, alternative investment advisory programs, including programs offered through their own separately registered investment advisory entities. Specific compensation information will be disclosed to the client before entering into any TPIA service. In some cases, WHA

fees are charged separately from the TPIA fees. WHA fees are in addition to TPIA and TD (custodian) program and management fees. These additional fees may cause clients in TPIA managed accounts to incur fees higher than our normal fee schedule.

All securities transactions will be decided upon and executed by the Third Party Advisory Service.

In order to assist in the selection of a Third Party Advisory Service, we will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account.

Note: We may or may not need client approval to allocate assets to and away from the management of a TPIA, depending on whether our original advisory relationship was set up on a discretionary or non-discretionary basis.

We will periodically review reports provided to the client. An IAR will contact the client periodically, as agreed upon with each client, to:

1. review the client's financial situation and objectives,
2. communicate information to the Third Party Advisory Service managing the account as warranted
3. assist the client in understanding and evaluating the services provided by the Third Party Advisory Service.

We expect Clients to notify their IAR of any changes in their financial situation, investment objectives, or account restrictions. Clients may also directly contact the Third Party Advisory Service managing the account or sponsoring the program.

A complete description of the programs and services (including fees to be charged and other contractual information) is available through a Third Party Advisory Service and will be provided to clients upon receipt and review of the applicable Third Party Advisory Service's Form ADV and/or Brochure; investment advisory contracts; and account opening documents.

The list of approved unaffiliated Third Party Advisory Services is under periodic review and revision and is therefore subject to change. Clients should consult directly with their WHA IAR to confirm the most current list. In certain circumstances, certain Third Party Advisory Services may not be available to all clients.

## **E. Assets We Manage**

As of December 31, 2014, Walnut Hill Advisors, LLC managed \$16,600,000 in regulatory assets with \$14,700,000 being discretionary and \$1,850,000 non-discretionary.



## Item 5 – Fees and Compensation

### A. We are compensated in three distinct ways:

1. **An investment advisory fee based on a percentage of assets**
2. **A fixed fee for consultation services**
3. **Hourly for limited or specific consultation work**

Managed portfolio services are fee-based and clients are engaged under a specific agreement for services.

1. The annual investment advisory fee is negotiable and will be detailed in the client Agreement. The annual investment advisory fee payable to WHA is a percentage of assets under management and is charged according to the following schedule:

<u>Portfolio Value</u>	<u>Advisory Fee</u>
Any Amount	1.50%

The advisory fee is paid to the Firm quarterly in advance and may vary depending on the particular agreement that was negotiated with the client. The fee will be payable when the account is established, pro-rated for the first partial quarter, if applicable. Thereafter, the fee will be payable on the first day of each calendar quarter based on the asset value of the account as of the last business day of the prior quarter. Additional deposits to the account are subject to the same fee procedures. The Firm reserves the right to alter or negotiate the stated fees, depending on the individual client circumstances and the nature of the work performed by the Firm.

The advisory fee each client pays to the Firm does not include the cost of transaction charges, custodial fees, or other account service and maintenance fees that are assessed by TDA Institutional (or other custodians) for transactions, clearing, settlement, and servicing of each client account. These client transaction and account charges are deducted from the client's account in accordance with the agreement that each client executes with TDA Institutional.

WHA fees are charged separately from Third party Investment Advisory (TPIA ) fees. WHA fees are in addition to TPIA and TD (custodian) program and management fees. These additional fees may cause clients in TPIA managed accounts to incur fees higher than our normal fee schedule.

WHA or the client may terminate the advisory agreement it has with WHA within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the agreement. Clients will receive, where applicable, a pro-rated refund of any prepaid advisory fees. Such pro-rated refunds will be based upon days remaining in the quarter from the termination date for which services were not provided.

## **FINANCIAL ADVISORY CONSULTATION SERVICES**

Financial Planning and Consulting Services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. The process typically begins with an initial complimentary consultation. If during or after the initial consultation, the prospective client decides to engage WHA for financial planning services, pertinent information about the client's personal and financial circumstances and objectives is collected. WHA will conduct follow up meetings for the purposes of reviewing and/or collecting financial data, as necessary. Once we have reviewed and analyzed this information, we will produce and present a written financial plan to the client - designed to achieve the client's expressed financial goals and objectives.

The services described above are provided on a fixed fee basis that typically ranges from \$300 to \$3,000, depending upon the nature and complexity of each client's circumstances. Alternatively, hourly fees of up to \$175 may be charged by WHA for the services described above. The Firm reserves the right to alter or negotiate the stated fees, depending on the individual client circumstances and the nature of the work performed by the Firm.

The anticipated full fee is due and payable at the time the client financial planning or consultation services agreement is executed. In such circumstances, financial plans will be presented and consultations will be rendered to the client ideally within 90 days of the agreement date, provided that all information needed to prepare the financial plan or render the financial consultation has been promptly provided by the client.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, WHA offers general consulting services that address only those specific areas of interest or concern, depending on each client's unique circumstances.

## **GENERAL INFORMATION ON FEES & SERVICES**

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940).

From time to time, small portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. Payment of fees will reduce the total investment return.

**Negotiability of Fees:** In certain circumstances, all of WHA's fees may be negotiable.

**Note:** WHA will never have custody of any client funds or securities. We recommend that clients use the services of a qualified and independent custodian, such as TDA

Institutional, for all asset management services offered by or through WHA.

**C. Advice offered by WHA may involve investments in mutual funds.** All fees paid to WHA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Furthermore, there may be transaction charges involved with purchasing or selling of securities. WHA does not share in any portion of the brokerage fees/ transaction charges imposed by the custodian holding the client funds or securities

The client should review all fees charged by mutual funds, WHA, and others to understand the total amount of fees to be paid by the client.

**D. Termination of Advisory Relationship:** WHA or the client may terminate the advisory agreement it has with WHA within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the agreement. Clients will receive, where applicable, a pro-rated refund of any prepaid advisory fees. Such pro-rated refunds will be based upon days remaining in the quarter from the termination date for which services were not provided. In the event of withdrawal of funds or the termination of any account, any fees, commissions or other expenses associated with rebalancing or liquidating the account holdings may be assessed to the client's account.

The specific manner in which WHA charges fees is established in a client's written Agreement with WHA. WHA will generally bill its fees on a quarterly basis in advance. Clients may elect at their request to be billed directly for fees or to authorize us to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

**E. No Investment Advisor Representative of our firm accepts any compensation for the sale of securities or other investment products, including asset based charges or service fees from the sale of mutual funds.**

WHA is not affiliated with any broker-dealer. We recommend our clients use TD Ameritrade Institutional, Inc. for reasons outlined above but will use another custodian if the client chooses.

We do not earn any commissions from the sale of investments, or other commission-type expenses sometimes called markups or spreads.

**Note:** Item 12 further describes the factors that WHA considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

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

## Item 7 – Types of Clients

WHA provides investment advisory services for a variety of clients including:

- Individuals, including high net worth individuals
- Corporations
- Charitable funds, trusts, and foundations
- Trusts
- Pension and profit sharing plans

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

**“Investing in securities involves risk of loss that clients should be prepared to bear.”**

### A. About Christopher Grande

Christopher Grande is **WHA’s Principal & Chief Investment Officer**. He has an extensive network of outside research consultants and conducts analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes a review of:

- The issuer’s management;
- The amount and volatility of past profits or losses;
- The issuer’s assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer’s industry, as well as the issuer’s competitive position within that industry; and
- The security’s past price volatility and performance during various market cycles
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund’s management team;
- The fund’s historical risk and return characteristics;
- The fund’s exposure to sectors and individual issuers;

- The fund's past price volatility and performance during various market cycles;
- The fund's fee structure; and
- any other factors considered relevant.

Our Investment Committee is led by Chris Grande, the Chief Investment Officer. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures which is discussed at client meetings.

We primarily invest for growth of capital, with an intention on medium to long term holding of investments. However, market developments (for example but not limited to such reasons as a stock gaining value more quickly than expected) could cause us to sell securities more quickly. Furthermore, we may utilize stop loss strategies to control risk if we determine it's the best strategy for a particular holding, which could also cause us to sell quicker than anticipated.

**B. Generally, investing in stocks , bonds, ETFs and other market instruments expose clients to various risks including but not exclusive to:**

- a. Market risk – general fluctuations in the market
- b. Economic risk – risk of the economy slowing down, hurting corporate profits
- c. Interest rate risk – for example, higher rates often attract investors to guaranteed instruments such as CD's and could cause declines in stocks and bonds.
- d. Political risk – instability politically anywhere in the world could affect markets. For example, problems in oil producing countries could cause oil prices to rise, which could increase costs for many companies, hurting profits and their stock prices.
- e. Company risk – specific companies might be hurt if their product becomes less attractive to the market, if competitors gain market share, or if management is engaging in negligent or criminal behavior.
- f. Advisor risk – there is risk that we may not choose investments that perform as we expect them to. As humans, we are not perfect and clients should understand that.

**All investing involves a risk of loss. You as a client should be prepared for losses if you invest in the stock market.**

Depending on a client's investment objectives, WHA might use options to attempt to, among other objectives, reduce capital exposure in a trade, create additional income for a client, or protect client accounts from market declines. Investors should be aware that not all options strategies will necessarily be suitable for them and that certain strategies may expose them to very significant losses. For example, the risks associated with the writing of puts or uncovered calls expose investors to such potential losses and therefore may not be suitable for all investors. Contact us for a copy of *The Characteristics and Risks of Standardized Options* booklet for more information on options.

**C. We do not favor any particular type of investment over another kind**

For example, we do not generally favor consumer stocks versus industrial stocks. We attempt to keep an open mind as we formulate our outlook for the investing horizon.

However, there may be times when in our view, a certain sector or type of investments will behave more favorably over a certain time period, and we will overweight investment in that area.

## **Item 9 – Disciplinary Information**

The disciplinary history of the investment adviser and its representatives can be obtained from the Massachusetts Securities Division by calling 800.269.5428 or mail at One Ashburton Place, Room 1701, Boston, MA 02108. Walnut Hill Advisors, LLC and its employees have no reportable disciplinary history.

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

### **OTHER BUSINESS ACTIVITIES**

- A. Neither our firm nor any employee of Walnut Hill Advisors, LLC has any relationship with a registered Broker-Dealer. We have no application pending to register with a broker-dealer.
- B. No member of management of our firm are registered or intend to register as a futures commission merchant, commodity pool operator, commodity trading advisor (CTA), or as an associated person of any commodities firm.
- C. Material Relationships
  - 1. Walnut Hill Advisors, LLC holds a corporate insurance license. Certain Investment Advisor Representatives (IARs) of Walnut Hill Advisors, LLC, in their individual capacities, are agents for various insurance companies. As such, these individuals in their separate capacity as insurance agents, have the ability to purchase insurance products for clients. They will receive separate, yet customary compensation for this. Clients, however, are under no obligation to engage these individuals when considering implementation of insurance transactions. The implementation of any or all insurance products is solely at the discretion of the client.

### **OTHER COMPENSATION**

WHA recommends that clients establish brokerage accounts with the TD Ameritrade Institutional, Inc., a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. TD Ameritrade provides WHA with access to its institutional trading and operations services, which are typically not available to TD Ameritrade retail investors.

TD Ameritrade's services include 1) research, 2) brokerage, 3) custody, 4) access to mutual funds and 5) other investments that are otherwise available only to institutional

investors or would require a significantly higher minimum initial investment. TD Ameritrade also makes available to WHA other products and services that benefit WHA but may not benefit its clients' accounts directly. Some of these other products and services assist WHA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of WHA's fees from its clients' accounts, and assist with back-office support, record-keeping and client reporting. Many of these services generally may be used to service all or a substantial number of WHA's accounts, including accounts not maintained at TD Ameritrade.

TD Ameritrade may also provide WHA with other services intended to help WHA to manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services to WHA by independent third parties. TD Ameritrade may 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 WHA.

While as a fiduciary, WHA's goal is to act in its clients' best interests, WHA's recommendation that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to WHA of the availability of some of the foregoing products and services.

## **Item 11 – Code of Ethics**

A. WHA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. WHA's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth WHA's practice of monitoring the personal securities transactions of supervised persons with access (access persons) to client information.

B. Individuals associated with WHA may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of WHA that no person employed by WHA shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. Since we believe in "eating our own cooking," we will often have many of the same investments that we recommend to our clients' accounts. Sometimes we invest a small portion of assets to follow a company long before recommending the clients invest – this is often - but not exclusively - done with micro-cap and small-cap companies.

Note: we are not a registered broker-dealer and do not have a principal/dealer relationship with any client.

C. To supervise compliance with its Code of Ethics, WHA requires that anyone associated with this firm with access to advisory recommendations provides duplicate

brokerage statements quarterly to the firm's Chief Compliance Officer. These are reviewed and kept on file. WHA requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any private placements (limited offerings) or IPOs.

WHA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. WHA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures.

WHA will provide a complete copy of its Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at WHA's principal address.

Our Code of Ethics describes our high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WHA must acknowledge the terms of the Code of Ethics annually, or as amended.

WHA anticipates that, in appropriate circumstances, consistent with clients' investment objectives, we will buy/sell some of the same securities for clients that employees and associates of WHA own. WHA's employees and persons associated with WHA are required to follow WHA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WHA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for WHA's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WHA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities may be designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of WHA's clients. In addition, the Code requires pre-clearance of some transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WHA and its clients.

Certain affiliated accounts may trade in the same securities or similar securities (for example, such as warrants or options) with client accounts on an aggregated basis when consistent with WHA's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at a total average price. WHA will retain



records of the trade order (specifying each participating account) and its allocation. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

**WHA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 888.278.9433 or [info@walnuthilladvisorsllc.com](mailto:info@walnuthilladvisorsllc.com).**

It is WHA's policy that the firm will not make any principal or agency cross securities transactions for client accounts. WHA will also not cross trades between client accounts. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. No one as of March 31, 2014 at Walnut Hill Advisors, LLC is dually registered nor is there any intention to be at this time.

## **PRIVACY POLICY**

WHA views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

WHA does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, WHA may share some information with its service providers, such as transfer agents, custodians, broker/dealers, accountants, and lawyers.

WHA restricts internal access to nonpublic personal information about the client to those employees & associates who need to know that information in order to provide products or services to the client. It is the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

A copy of Firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, WHA will deliver a copy of the current privacy policy notice to its clients on an annual basis.

**Note:** we have adopted a Written Information Security Program (WISP) in accordance with Massachusetts law.

## **Item 12 – Brokerage Practices**

### **A. BROKERAGE RECOMMENDATIONS**

WHA participates in the TDA Institutional, Inc. program. TDA Institutional, Inc. (TDAI) is not affiliated with WHA. TDAI offers to independent investment advisers, such as WHA,

services that include custody of securities, trade execution, clearance and settlement of transactions. WHA receives some benefits from TDA Institutional through its participation in the program (Please see the disclosure in Item 10. above under “Other Compensation”).

In certain cases, WHA has obtained the written consent of clients to engage in discretionary trading of securities. Such discretion is limited to the authority to select securities to be bought or sold and/or the amount of securities to be bought or sold. WHA does not possess the authority without the client’s consent to determine the broker or dealer to be used or the commission rates paid. Due to the agreements most WHA clients have in place with WHA and TDA Institutional, absent special circumstances, it is usually most advantageous to the client for WHA to execute client trades through TDA Institutional and not through other broker-dealers.

WHA reasonably believes that in the case of managed accounts, TDA Institutional’s blend of execution services, commission and transaction costs, as well as professionalism, allows WHA to seek best execution and competitive prices. And we believe these services allow us to recommend TDA Institutional for the establishment of a brokerage account. At all times, financial planning clients are free to execute their plan recommendations through any broker-dealer without the assistance of WHA or its investment advisory representatives. As mentioned previously, many WHA clients grant WHA discretionary authority over the selection and amount of securities to be bought and/or sold for their account without obtaining their prior consent or approval. In such cases, the discretionary trading authority will allow WHA to take advantage of time-sensitive market conditions in securities, which are consistent with the client’s prior stated investment objectives. However, WHA’s investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry.

## **ADDITIONAL COMPENSATION**

While WHA, and its associated persons, endeavor at all times to put the interest of the clients first as part of their fiduciary duty, clients should be aware that receipt of additional compensation in itself creates a potential conflict of interest.

As disclosed under Item 12.B. above, WHA participates in TDA Institutional’s institutional customer program and WHA may require clients to maintain accounts with TDA Institutional in order to share in the cost saving advantages that WHA can pass on to its clients for execution and custodian services. There is no direct link between WHA’s participation in the program and the investment advice it gives to its clients, although WHA receives economic benefits through its participation in the program that are typically not available to TDA Institutional’s retail customers. These benefits may include

the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving WHA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to WHA by third party vendors.

TDA Institutional may also have paid for business consulting and professional services received by WHA's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for WHA's personnel to attend conferences or meetings relating to the program or to TDA Institutional's advisor custody and brokerage services generally. Some of the products and services made available by TDA Institutional through the program may benefit WHA but may not benefit, directly or at all, its client accounts. These products or services may assist WHA in managing and administering client accounts, including accounts not maintained at TDA Institutional. Other services made available by TDA Institutional are intended to help WHA manage and further develop its business enterprise. The benefits received by WHA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TDA Institutional.

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

Soft dollar benefits (which are non-cash benefits-usually a service) are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

## **B. AGGREGATION OF ORDERS**

Generally, WHA will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction based on each account's participation in the transaction, subject to the Firm's discretion depending on factual or market conditions and the duty to achieve best execution for client accounts. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are given neither preferential nor inferior treatment versus other client accounts.

Allocations of orders among client accounts must be made in a fair and equitable

manner. Generally, allocations among accounts with the same or similar investment objective are made pro rata based on the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. Specific allocations may be chosen based on an account's existing positions in securities.
2. Specific allocations may be chosen because of the cash availability of one or more particular accounts.
3. Specific allocations may be chosen based on a partial fill of the block trade.
4. Specific allocations may be chosen for tax reasons.
5. Allocation strategy may be affected by the liquidity of security chosen.
6. The client's unique *Investment Policy Statement* ("IPS" - the document that guides how we handle your assets based on your profile and preferences)
7. Other circumstances could cause a deviation in equal allocation.

WHA will receive no additional compensation or remuneration of any kind due to the aggregation of client trades.

## **Item 13 – Review of Accounts**

### **Review of Investment Management Accounts**

We continually monitor securities within investment management accounts. We review accounts as to 1) asset allocation, 2) individual holdings, 3) suitability, and 4) performance. Reviews of holdings used for client portfolios are performed regularly by the advisor managing each account and periodically, market conditions and individual investment ideas are discussed among all of the firm's IAR's. Overall client positions and allocations are reviewed by the firm's Principal, Chris Grande.

Typical research includes research on global economic conditions and keeping updated on client positions by reading company press releases, presentations, and SEC documents for stocks, REITs, bonds, and other individual securities, and reviewing holdings and manager commentary for mutual funds, closed end funds, separately-managed accounts (e.g. SMAs, TPIAs), and ETFs. We also review volatility by studying short and long term price volatility of each security and the overall portfolio of each client.

We brief clients on current net worth, value of investments (including change in value), and reasoning for holding, buying, or selling positions at review meetings scheduled with clients at least annually. We conduct an Investment Policy Statement (“IPS”) questionnaire for each client at the beginning of each new client relationship, which is updated when circumstances change.

### **Reporting of Asset Management Accounts**

In addition to the monthly statements and confirmations of transactions that Investment Supervisory Services clients receive from their designated custodian (TDAI), WHA makes periodic reports available to all clients showing their portfolio's financial profile and summary & description of holdings (note: we do not create in house statements). We consult clients at meetings annually or more often (depending on relationship), wherein comments are provided about progress in achieving goals and consideration of resetting goals.

Reports may include asset summary reports, balance change between meetings, balance change since inception, progress towards goals and summary of account types. Clients will receive regular statements from their custodian either quarterly or monthly.

### **Review of Financial Planning Relationships**

We will devote a major portion of each financial planning review to monitoring client progress toward his/her stated goals and a review of their progress toward achieving those goals. Changes in the client's personal circumstances or goals, as well as changes in the legal, tax or investment environment, would be factored into an analysis of the updated financial information. WHA will recommend changes, if necessary, in strategies to assist the client in meeting his/her financial goals, and provide the client with an updated plan of action or other appropriate written analysis.

### **Reporting of Financial Planning Relationships**

As with reporting in our investment management relationships, we will devote a major portion of each financial planning review to monitoring client progress toward his/her stated goals and a review of their progress toward achieving those goals. Changes in the client's personal circumstances or goals, as well as changes in the legal, tax or investment environment, would be factored into an analysis of the updated financial information.

Reports may include balance sheet summaries, income planning summaries, asset summaries, insurance spreadsheets, and outlines of beneficiary planning. For each update or review, financial planning clients are responsible for providing all relevant updated financial information to the WHA Representative. WHA will not be responsible for updating an analysis due to material changes in the client's financial situation if the client fails to timely report such changes to the WHA financial planning representative.

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

- A. No firm provides economic benefit to us for providing investment advice to our clients. Occasionally, outside firms, such as insurance companies may offer awards and bonuses for certain levels of production of the sale of products such as insurance policies. These are not related to our advisory services. However, there may be a conflict of interest in a product sale if one firm offers an extra economic benefit for doing business and another firm does not.
- B. We do not compensate any unsupervised individuals or firms for client referrals, nor do we intend to.

At the time of their introduction to the firm, all potential clients are provided with a copy of Form ADV Part 2A, a copy of our privacy notice, and ADV part 2B outlining the educational and business background of our people.

## **Item 15 – Custody**

We previously disclosed in the “Fees and Compensation” section (Item 5) of this Brochure that our firm and the Client may authorize and arrange for the direct deduction of our advisory fees from Client accounts. As part of this billing process, the client’s custodian is advised of the amount of the fee to be deducted from that client’s account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. WHA also sends an invoice to each client after the end of the quarter outlining the fees billed.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation among other things. Clients should contact us directly if they believe that there may be an error in their statement. Other than for the direct deduction of our advisory fees, our firm does not have actual or constructive custody of client accounts.

## **Item 16 – Investment Discretion**

Most of WHA’s clients authorize the firm at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold without prior consent (“discretionary authority”). Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, WHA observes the investment policies, limitations and restrictions of the clients for which it advises, set forth in the Agreement or separate Limited Power of Attorney form. For registered investment companies, WHA’s authority to trade securities may also be limited by certain federal

securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be agreed to in writing by the Client and WHA.

### **Wrap Account Management**

WHA offers management of client accounts through wrap fee programs sponsored by TD Ameritrade, Inc. TD Ameritrade, Inc generally enters into contracts with their clients to provide a variety of services for a predetermined fee. These fees typically include all or some of the following: outline of client goals and objectives, asset allocation strategy, selection of advisors where appropriate, payment of the advisers' management fees, custody of client assets, execution of trades for the client at no additional fee or commission, and the monitoring of the investment performance on client assets.

It is the responsibility of the sponsoring organization to notify the client of the services provided by WHA and the portion of the attributable fee paid. As these programs are generally part of a multiple client program, they offer efficiencies to participating managers.

**Note: Accounts participating in wrap fee programs may have higher overall costs than accounts managed internally by WHA.**

WHA manages our wrap fee accounts in the same manner as other accounts. However, wrap fee accounts may have lower account minimums than other accounts and therefore, we may not be able to manage them identically to larger accounts. For example, the smaller the size of the account, the less it is possible to efficiently hold certain small blocks of securities in the account.

Note: see Item 4.D for more information on use of Third Party Investment Advisors (TPIAs) and wrap accounts.

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

WHA does not vote proxies on behalf of clients. It is the responsibility of each client to vote the proxies. Clients will receive proxy instructions and ballots directly from the custodian (not from WHA). Clients can of course contact us with general questions regarding their proxies but final decisions are solely the responsibility of the client.

### **Class Action Settlements**

WHA will not handle or process any potential “class action” claims or similar settlements that clients may be entitled to for securities held in client accounts. We consider some of these decisions to require legal advice, which we are not qualified to provide. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with the custodian or other account administrator whether such claims are being made on the client’s behalf by the custodian or if the client is expected to file such claims directly.

## **Item 18 – Financial Information**

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

## **Item 19 – Requirements for State-Registered Advisers**

### **EDUCATIONAL AND BUSINESS BACKGROUND**

**Christopher A. Grande** – Principal of the Firm, 2010 to present

Year of Birth: 1973

Education: B.A. Economics/History, Tufts University, 1995

M.S. Investment Management, Boston University, 2006

Certificate in Financial Planning, College for Financial Planning

RMA Certificate- Retirement Management Analyst Designation Program

Securities Qualifications: Series 65

Life and Health Insurance Licenses, Massachusetts, Florida

#### **Business Background (last 5 years):**

Financial Planner and Registered Representative

Investors Capital Corporation, Medford, MA - 2001 - 2009

**Christopher Grande is also a licensed insurance agent which encompasses approximately 10% of his time during the work week.**

**Alfred L. Angelici** – Managing Director, 2012-present (IAR, independent contractor )

Year of Birth: 1960

Education: B.S. Operations Management, Northeastern University



MS Investment Management, Boston University, 2007

Securities Qualifications: Series 65

**Business background (last 5 years):**

Vice President, Devonshire Investors LLC, Boston, MA, 2006-2012