

Disclosure Brochure for:

# Beaumont Financial Partners, LLC

*a Registered Investment Advisor*

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This brochure (Form ADV Part 2) provides information about the qualifications and business practices of Beaumont Financial Partners, LLC (“Beaumont”), and its separate division, Beaumont Capital Management (“BCM”). Please direct questions about the content of this brochure to Michael Snyder, the firm’s Chief Compliance Officer, at either of the numbers above or by email at [msnyder@bfpartners.com](mailto:msnyder@bfpartners.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 Beaumont is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Beaumont Financial Partners, LLC is an SEC Registered Investment Advisor. Registration does not imply a certain level of skill or training.

March 2017

**Item 2 – Material Changes**

**This section will only discuss material changes since last year’s annual update and may not include all changes since the last update.**

No material changes to report.

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#### **Item 4 – Advisory Business**

##### **A. Describe your advisory firm, how long you have been in business and identify principal owners.**

Beaumont Financial Partners, LLC (“Beaumont”) organized in 1999. Its predecessor firm, Beaumont Trust Associates, started as a registered investment advisor in 1981.

Beaumont delivers a comprehensive range of wealth management and family office services to affluent individuals and families, small businesses, and select institutions. Our seasoned tax preparation and financial planning capabilities and services complement our core investment management business.

The Class A member (managing partner) ownership ranges are: Thomas J. Cahill (25-50%), David M. Haviland, via H & Co Financial Services, Inc. (25-50%) and Lawrence A. Fiore (1-5%). Mr. Haviland is the 100% owner, sole shareholder, and President of H & Co Financial Services, Inc. The Class B (non-voting) members are Philip Dubuque (10-25%), James Oates (5-10%) and Richard Burnes Jr. (5-10%).

Beaumont Capital Management (“BCM”), created in 2009 as a separate division of Beaumont, provides investment advisory services exclusively through a series of rules-based investment strategies that use long-only Exchange Traded Funds (ETF). BCM offers these strategies as Separate Managed Accounts (SMAs), Unified Managed Accounts (UMAs) and as a sub-advisor and model manager.

##### **B. Describe the types of advisory services offered.**

Beaumont provides investment management for its clients using one or more custodians. Each relationship typically begins by gathering information from prospective investment clients including, but not limited to the following:

- current financial situation;
- investment objectives;
- income needs, risk tolerance, and time horizon;
- current investments and existing portfolio composition; and
- other factors pertaining to their unique situation and familial considerations.

Beaumont will use this information to develop a target asset allocation consistent with the client responses. From that point, Beaumont will be responsible for managing the client’s assets according to the agreed upon investment allocation. Beaumont provides additional services to many investment clients, such as assistance with tax preparation and/or financial planning. An additional fee is typically charged for these services. The individual needs and desire of each client determines the depth and formality of the planning process. Ongoing planning or plan updates are also available on request.

BCM works with its investment clients to help determine which investment strategy, or strategies, is most appropriate using similar criteria to those listed above for Beaumont.

##### **C. Explain if, and how, you tailor your advisory services to the individual needs of clients. Also explain if clients may impose restrictions on securities or types of securities.**

Beaumont takes the opportunity to learn about the financial condition, needs, goals and objectives of each client. This information, combined with their risk tolerance, determines which of our investment profiles/ strategies are most appropriate for the client. Beaumont manages each account consistent with our clients’ goals, risk tolerance,

overall financial situation and other factors in mind, however reserves the right to invest their accounts more conservatively at any time.

A client's actual holdings may also vary from their long-term target allocations due to investment gains/losses, contributions and/or withdrawals, non-managed securities, client specific restrictions, client requests and other circumstances (i.e. tax loss selling).

Beaumont clients are able to impose restrictions, if done so in writing, on certain securities or types of securities. Typically, these restrictions are documented in the clients' initial paperwork and is entered into their profile in our client relationship management (CRM) electronic database. Any restrictions that are added after the relationship has been established will typically be added to both the clients' file and the CRM database. In addition, the traders should add the restriction to our trading software to make it easily identifiable when trading.

BCM does not allow restrictions for investments in the BCM strategies as, by design, each account within each of the BCM strategies is managed to have the same holdings and allocation.

**D. If you participate in wrap fee programs by providing portfolio management services, describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and explain that you receive a portion of the wrap fee for your services.**

Beaumont invests managed client accounts in individual equities, bonds, mutual funds, ETFs, and/or other investment options. The Beaumont Investment Committee makes investment recommendations for Beaumont client accounts, while the Asset Allocation Committee and relationship managers ultimately decide how much, which, and when investments will be purchased/sold for these accounts.

Client accounts participating in the BCM strategies, either via wrap programs or direct business, are managed differently from the more traditional Beaumont wealth management accounts. The main differences being that the BCM strategies only use ETFs and money market funds, and investment decisions are primarily based on quantitatively researched rules-based programs.

BCM is a participating manager on multiple wrap programs with multiple custodians used. BCM will normally receive an annual management fee, typically paid quarterly from the total fee paid by the client. The total fee will vary by strategy, platform, and wrap program based on services provided. The fee rates that BCM charges and receives from direct business clients are outlined in the clients' Advisory Agreement.

The account minimums (for non-direct BCM business) are subject to the sponsor, platform and custodian terms, conditions and fees. BCM receives a portion of these wrap fee for management services provided. See Item 5 for more information about fees and compensation. BCM will also receive a portion of the wrap fee for direct client business for management and advisory services provided.

BCM currently manages its strategies on multiples platforms. The strategies with the same characteristics (goal, objective, benchmark, etc.) will be managed consistently across each platform using the same process. Strategies have standard trading periods when they typically buy/sell positions. This could be weekly, monthly or another predetermined and disclosed cycle. When a BCM system determines a trade is necessary, BCM will typically submit the trades to each wrap program by an allocation percentage. There are instances where BCM traders will communicate the desired trades directly to the wrap program's trading platform. Each platform sponsor will typically determine the proper amount of shares to execute to achieve the desired allocation, and will submit the orders to the various custodians they use. Each platform sponsor has their own trading schedule and cut-off times

each trading day, to ensure what they believe to be equitable trading for their clients. The WRAP sponsors are typically responsible for trade execution; therefore, the performance of two identical strategies may vary slightly from one wrap program to another.

The host custodian will typically set the minimum account size for dual contract client relationships, which will vary. Direct BCM client business participating in a wrap program are also subject to the terms, conditions and fees of the wrap sponsor and each custodian. These may include, but are not limited to, fixed minimum sponsor and custodial fees for smaller accounts.

**E. Assets Under Management: discretionary and non-discretionary.**

As of December 31, 2016 Beaumont had ~ \$3.56 B in total assets under management and assets under advisement\*:

Discretionary: ~\$1.10 B                      Non-discretionary: ~\$404 M                      Assets Under Advisement: ~\$2.06 B

\*The assets under advisement include assets from model management agreements from wrap programs and other turnkey asset management programs. The discretionary and non-discretionary assets listed above combine to total the firm's regulatory assets under management as reported on Form ADV Part 1.

**Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide a fee schedule and disclose if fees are negotiable.**

The annual investment management fees for Beaumont Wealth Management clients are:

- typically charged as a percentage of assets under management
- typically range from 0.65% to 1.00%
- negotiable (based on asset mix, complexity and total market value of the clients' assets)
- new clients, with limited exception, are typically subject to a minimum annual fee of \$10,000

Beaumont also provides financial planning services, tax preparation, and accounting services for an additional fee. The cost for these services is negotiable and varies depending on the complexity of the clients' finances, time to complete, and considering if Beaumont manages the clients' assets. Some clients "bundle" all these fees into the management fee.

Beaumont's managing partners reserve the right to waive a portion, or all, of a client's fee, and may waive the minimum account size.

The annual management fees for Beaumont Capital Management (BCM) Direct Business Clients are normally charged as a percentage of assets under management and with the fee typically ranging from .06% to 1.50% depending on the strategy. In addition, BCM will typically receive .40% to .50% as sub-advisor to Collective Investment Funds and .30% to .50% as sub-advisor to '40 Act funds; depending on share class, asset levels and other factors.

Actual management fees will depend on account size, type (SMA vs. UMA, single vs. dual contract, etc.) and investment strategies used. Custodial and transaction fees will vary by custodian and are in addition to BCM's management fees. BCM client accounts with a balance under \$250,000 may be subject to higher minimum

custodial and platform fees possibly resulting in a higher percentage being charged. The platform and related fees are subject to change.

A BCM fee schedule is included as part of the BCM investment advisory agreement (contract) and is available upon request.

Other Client Relationships including Broker, Advisor, Sub-Advisor and Model Manager:

In addition to direct business with end clients, BCM also conducts business with other investment professionals. BCM participates in Dual Contracts, Solicitor Agreements, Sub-Advisory Agreements, Model Manager Agreements and WRAP Programs. The management fees charged by BCM for each of these arrangements will vary with additional fees charged by the custodian, sponsor, other brokers/advisors, etc. Account minimums will also vary by broker/advisor, sponsor, etc.

**Describe whether you deduct fees from clients' assets or bill clients for fees incurred. Disclose if clients may choose which method they prefer. Explain how often clients are billed or have fees deducted.**

Each Beaumont investment advisory agreement normally includes the client having the option to have fees deducted from their account or to receive an invoice. Beaumont recommends having the ability to deduct fees directly from accounts to simplify the recordkeeping and payment process. The client will typically receive a quarterly billing notification statement showing the calculation used to determine their fee, regardless of the payment method chosen. Any fee deducted from an account is also included on custodial statements.

For Beaumont clients: Investment management fees are typically billed quarterly, in *arrears*, based on the average (available) daily market value of the portfolio for each calendar quarter. Fees are prorated to the end of the quarter upon inception or termination of an account. A client, or Beaumont, may cancel the Investment Advisory Agreement at any time by providing 5-days written notice to the other party.

For BCM clients: fees are typically charged quarterly in *advance*, based on the ending account balance of the previous calendar quarter. These fees are prorated for the period upon inception or termination of a BCM account. BCM fees are calculated and deducted by the sponsor/platform and submitted to BCM. Each sponsor/platform has their own fee calculation process. Exceptions may be possible for dual contract clients where BCM has the ability to modify how the fee is charged (*arrears or advance*); and when the fee is calculated, to be consistent with the billing method of their chosen custodian or primary advisor.

Fees deducted from an account will appear on the custodial statements and, in most cases, can be viewed online via the custodian's, and or the TAMP, website. A client, or BCM, may cancel the BCM Investment Advisory Agreement at any time by giving 5-days written notice to the other party. There is no termination fee for ending the relationship and any fees paid to BCM that had yet to be earned will be credited back to the clients' account by the wrap sponsor and custodian. This amount is typically calculated pro rata for that (quarterly) period.

**B. Describe any other types of fees or expenses clients may pay in connection with your advisory services.**

Beaumont clients should be aware that investments in mutual funds, ETFs, alternative investments and certain other securities often result in the payment of multiple fees (i.e. the fees and expenses of the ETFs, alternative investments, and mutual funds as disclosed in the funds' prospectuses or disclosure document) in addition to Beaumont's advisory fees.

BCM clients should also be aware that investments in ETFs, and other securities including money market funds, have multiple fees (i.e. the fees and expenses of the funds themselves in addition to the BCM management fee).

An example of an additional expense typically paid by clients includes trading costs. These are expenses incurred directly at the custodian/broker dealer level and neither Beaumont nor BCM receive a fee from trading commissions. These expenses are an inherent cost typically associated with investing.

It is important to note that other fees including, but not limited to platform, custodial or trading, may apply at each custodian. Other fees paid by the client include short-term trading fees, alternative investment fees, wire fees, and other miscellaneous fees. Commissions and fees may be negotiated lower at any custodian. The custodian/broker keeps 100% of any commission and any transaction fees. A platform sponsor or custodian may charge an additional fee if certain minimums, or other requirements, are not met. Neither Beaumont nor BCM will receive any of the fees mentioned in this paragraph.

Additionally, both Beaumont and BCM may “trade away” in an effort to obtain best execution. The firm will consider the trade-away fee charged by the custodian for not executing trades through its services, security price and other factors prior to using this tactic. The fees and/or commissions will vary by custodian and broker, and, because of these additional fees, may not be advantageous to the client. Not all custodians or trading desks charge fees for trading away while others would typically range from ~\$10-40, or more, per transaction. Any commission would be in addition to this amount. Neither Beaumont nor BCM would receive a fee, commission or any other compensation for trading away.

See Item 12 for additional information about our Brokerage Practices.

**C. Disclose if your *clients* either may or must pay your fees in advance, and how they may obtain a refund and how it would be calculated if the advisory contract is terminated.**

See Item 5.A.

**D. Disclose if you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products.**

No individual at Beaumont or BCM will receive compensation tied directly to the sale of securities or other investment products.

There have been, and may be, instances when an ETF provider, or similar vendor, co-sponsor or otherwise contribute to help defray the cost of BCM attending a conference or similar industry event. There would be no impact to our clients’ fees for the investment strategies made available to them or other advisors.

See Item 6 for more information.

**Item 6 – Performance-Based Fees & Side-By-Side Management**

**If you or any supervised person accept performance-based fees, or manage accounts that are charged a performance-based fee and charged another type of fee.**

Neither Beaumont nor BCM currently charge performance based fees.



## **Item 7 – Types of Clients**

### **Describe the types of clients to whom you generally provide investment advice.**

Beaumont and BCM provide investment advice to many types of clients including:

- Individuals/families
- Trusts/estates
- IRAs
- Pension, profit sharing and retirement plans (i.e. defined benefit and defined contribution)
- Corporations, non-profits and college endowments
- Unaffiliated RIAs and broker/dealers
- Trust companies
- Wrap Programs and Platforms
- Collective Investment Funds (CIFs) and '40 Act funds (as sub-advisor/sub-manager)

A client relationship includes any family, professional or other logical association. Beaumont and BCM will typically aggregate all family accounts of a client relationship with respect to the fee schedules and the minimum client account size requirements. There are client relationships that have been grandfathered from current requirements based upon their original conditions for starting or maintaining their accounts. Family members of existing clients may also be exempt from this criterion.

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

### **A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain the risk of loss that *clients* should be prepared to bear.**

Beaumont employs both technical and fundamental analytics when reviewing securities. In addition to these measures, our analysis includes studying, and the daily review of, numerous trade publications, brokerage research and corporate reports. We also utilize resources such as Bloomberg, Morningstar and Value Line. Additionally, Beaumont has the ability to utilize computer software programs in the preparation of financial plans and plan updates.

The analysts typically meet twice each week, participating in both the Investment Committee and Asset Allocation Committee, to discuss investment opportunities believed to be worth pursuing as well as current holdings. Once a security is deemed appropriate for client accounts, the Asset Allocation Committee will determine the client strategies that are most suitable to invest in the security (given the clients' strategy, risk tolerance, cash needs, etc.) and the appropriate weighting for the position. The Relationship Managers may be asked to determine the suitability of the securities recommended by the Asset Allocation Committee for each of their clients.

It is important for investors to understand that investing, in any type of security, involves the risk of loss of principal. Equity securities (and similar vehicles) have typically experienced more volatility over time, while historically less volatile securities, such as bonds (or cash) come with their own inherent risks, including interest rate risk and/or inflation risk. These, and other risks, will be discussed with clients at the onset of the relationship to ensure the investor understands the risks associated with their investment strategy before money is invested for them.

Instead of the simplistic cash-bond-stock breakdown, Beaumont uses the following, more encompassing method of security definition called The Dominant Benefit Theory of Investing. Using this theory, Beaumont categorizes all

investments into one of the following five distinct categories, where each security is classified based on the dominant characteristics of the investment:

1. **Safety:** The goal is stability of the investment principal. Risk and commensurate reward are relatively low. Examples include money market funds, certificates of deposit and fixed annuities.
2. **Income:** The goal is current interest income. While principal risk exists, the dominant benefit is the steady income anticipated to be produced by the security. Examples include most types of bonds.
3. **Equity Income:** The goal is current, relatively high dividend income, with growth as a secondary objective. Capital appreciation/depreciation potential and risk are more similar to Growth investments. Examples include preferred stock, private placement notes and real estate limited partnerships.
4. **Growth:** The goal is capital appreciation, with any income that is paid providing a secondary benefit. Examples include common stocks with dividends and mutual funds containing growth stocks. Principal is at a higher risk of loss.
5. **Aggressive Growth:** The goal is to obtain significant capital appreciation. Typically, income is not paid on these types of securities and the risk of principal is higher than with the other categories. Examples include non-dividend paying stocks, aggressive growth mutual funds, most commodity based investments and initial public offerings.

While the target allocations are a strategic, long term guide that Beaumont uses to manage client accounts, Beaumont reserves the right to become more conservative, or significantly reduce exposure to any category, at any time. This would be more likely to occur when the Firm's outlook on the market is not optimistic about growth or aggressive growth investments. In doing so, Beaumont may shift assets into "Safety" or Fixed Income investments as defined above. Beaumont can become more aggressive in the allocations, if appropriate, by notifying clients ahead of time.

A client's actual holdings may vary from their long term target allocations due to investment gains/losses, contributions and/or withdrawals, non-managed securities and client specific restrictions, client requests and other circumstances (i.e. tax loss selling). Clients are asked to notify their Beaumont Relationship Manager promptly, in writing, of changes to their financial situation and/or their investment objectives that may warrant a change to their long term target allocations. An investment approved by the Investment or Asset Allocation Committee may or may not be appropriate for all clients. Each Relationship Manager will typically determine if an investment is appropriate for an individual client account.

For small and mid-sized accounts (typically under \$150,000), Beaumont may recommend employing a model portfolio consisting of either mutual funds, exchange-traded funds ("ETF") or a combination of the two. This approach seeks to minimize trading costs and reduce risks caused by the inability to properly diversify smaller accounts, and helps ensure consistent management.

Beaumont, on occasion uses or recommends private placement investment opportunities or hedge funds to clients as part of a portfolio allocation where appropriate. Some of these investments are only available through a 3<sup>rd</sup> party or separate investment advisor. The sponsor will typically require separate subscription documents or an application to be completed by the client prior to participating in these investments. Beaumont would not receive additional compensation from the 3<sup>rd</sup> party advisor/sponsor of these opportunities, however Beaumont would be compensated on these assets as part of the client's quarterly Beaumont fee calculation as a portion of their overall allocation. There may be additional risks associated with these investments (regulatory, liquidity, credit, principal, counterparty, etc.) which clients are informed about and should consider prior to investing. These risks are typically covered in the Limited Partnership Agreement and/or offering material furnished by the private placement sponsor.

BCM currently receives investment research from Algorithmic Investment Models, LLC ("AIM"). BCM primarily uses this research as an informational input in its management of the Decathlon strategies. BCM utilizes separate and

distinct research, which is provided by in-house, rules based systems, for the BCM Sector and BCM Paradigm strategies. BCM has the discretion to use this research as it deems appropriate and may also utilize research and recommendations from the Beaumont Investment Committee and/or Asset Allocation Committee, as well as public third party sources for the fundamentally managed allocation of certain BCM strategies. BCM uses only ETFs and money market funds in client accounts.

**B. For each significant investment strategy or method of analysis used, explain the material risks involved. Explain any significant or unusual risk and disclose how, if applicable, frequent trading can affect performance.**

Beaumont provides certain advisory services through its separate division, BCM. The sector- based research is derived from software engines, or systems, designed to identify the sectors of the S&P 500® Index experiencing positive and negative momentum. BCM uses this information as the basis of several of its BCM sector strategies. This concept is also applied to other indices, including, but not limited to, the S&P Small Cap 600® Index and the S&P Global 1200 Index, for other strategies.

BCM adds its own global macro-economic overlay and investment themes for certain fundamental allocations in the BCM Sector Strategies. The global macro and international portions of the strategies may incur additional risk due to the added economic, currency exchange, political, social and regulatory uncertainty and volatility. There is also a fundamental fixed income allocation and a separate Fixed Income strategy. The investments for these fixed income components are typically determined during discussions, and research presented, at weekly Investment Committee meetings. The strategic asset allocation of each sector rotation strategy will vary. This strategic asset allocation will typically equal weight the sectors owned. This often leads to the BCM sector strategies being overweight or underweight some sectors of the S&P 500 possibly causing concentration (non-diversification) risks.

The BCM Sector strategies have the ability to trade on a weekly basis (which may result in higher trading costs due to more frequent trades), where the Sector (monthly) strategies will normally trade on a monthly basis. BCM has the ability to set a “drift” percentage to minimize smaller trades from being processed and helping to reduce unnecessary trading costs. The drift is essentially an allowable variance to the target allocation.

The quantitative BCM Decathlon strategies typically rebalance every 25 trading days, however with investment discretion it could be traded around a 23-27 trading day cycle. These strategies may have higher turnover and trading costs than more traditional investments. BCM has licensed investment research from AIM. Similar to the BCM Sector strategies, BCM has full investment discretion over the Decathlon portfolios and also has the ability to trade these strategies more frequently (than every 25 trading days) if deemed necessary. However, we do not anticipate this to happen with any regularity. The goal is to utilize this option only during abnormal, extreme market conditions. This product suite is based on a specific, hand-chosen population of over 100 ETFs (which includes many asset classes, multiple market capitalizations, global geographic exposure and a broad selection of fixed income and currency ETFs). This pool of ETFs is managed by BCM and is subject to change. The BCM Decathlon strategies are predictive in nature based on historical price patterns in various markets, sectors, etc. Additional risk associated with these strategies would occur when current conditions are unique from historical patterns.

The BCM Paradigm suite (Paradigm Factor, Paradigm Fixed Income, and Dynamic Global Fixed Income) utilizes a software system that attempts to allocate more to those investment candidates that look attractive shorter-term and less or none at all to those that are viewed as being less attractive shorter-term. This decision is predicated on a set of models that are trained on a variety of timeframes using ETF and index price data that is converted into a volatility signal from a which an ultimate determination is made about each candidate’s overall attractiveness, i.e.,

a trade-off between potential return and potential risk (both volatility and drawdown). The BCM Paradigm strategies have the ability to trade on a weekly basis (which may result in higher trading costs due to more frequent trades), where the Dynamic Global Fixed Income (monthly) strategy will normally trade on a monthly basis. BCM has the ability to set a “drift” percentage to minimize smaller trades from being processed and helping to reduce unnecessary trading costs. The drift is essentially an allowable variance to the target allocation.

The BCM *DynamicBelay*<sup>®</sup> Funds, sponsored by Hand Benefits & Trust Company, a BPAS company, are collective investment funds (CIFs) that invest in BCM strategies and constant ETF positions. BCM serves as the sub-advisor to the CIFs which use both strategic and tactical allocations, equity and fixed income, for a combined passive and active management offering.

These collective investment funds are available for investment by eligible qualified retirement plan trusts only and were created specifically for 401(k) and other employer-sponsored retirement plan investors. Plan sponsors and participants should consider the Funds’ investment objectives, risks, time horizons, charges and expenses carefully before investing. The participants risk tolerance and financial circumstances should also be considered.

As with all investments, there are associated inherent risks. Inflation risk is typically associated with fixed income investments and occurs when an investment, or non-investment, loses purchasing power or future value by not keeping up with the level of inflation. Principle risk is the risk that the amount invested in any security is not guaranteed and can decrease to be worth less than the amount initially invested. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Sector investments concentrate in a particular industry and the investments’ performance could depend heavily on the performance of that industry and be more volatile than the performance of less concentrated investment options and the market as a whole. Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no, or relatively short, operating histories or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

ETFs typically trade like stocks and are subject to investment volatility and the potential for loss. The principal amounts invested in ETFs are not protected, guaranteed or insured. Diversification into many ETFs does not ensure a profit or protect an investor from loss. The risks above are particularly significant for ETFs that focus on a single country or region. High frequency trading could result in lower returns due to an increase in trading costs, as well as an increase in realized capital gains/losses.

**C. If you recommend primarily a particular type of security, explain the material risks involved.**

Beaumont does not primarily recommend a particular type of security. BCM does not recommend securities to investors; however, it primarily uses long-only ETFs in all of its strategies.

**Item 9 – Disciplinary Information**

**Disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of your advisory business or the integrity of your management.**

There are no legal or disciplinary events to report.

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

### **A. Disclose any registrations as a broker-dealer or a registered representative.**

Beaumont is *not* registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer, nor is any associate licensed as a Registered Representative with a broker/dealer.

### **B. Disclose any registrations (i.e. futures commission merchant, commodities, etc.).**

There are no registrations to report.

### **C. Describe any relationship or arrangement, material to your advisory business or to your clients, that you or any of your management persons have with any related person listed below:**

- |  |  |
|--|--|
| <b>1. Broker-dealer, municipal securities dealer, or government securities broker or dealer</b>  | <b>4. Futures commission merchant, commodity pool operator, or commodity trading advisor</b> |
| <b>2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)</b> | <b>5. Banking or thrift institution</b>  |
| <b>3. Other investment adviser or financial planner</b>  | <b>6. Accountant or accounting firm</b>  |
|  | <b>7. Lawyer or law firm</b>   |
|  | <b>8. Insurance company or agency</b>  |
|  | <b>9. Pension consultant</b>   |
|  | <b>10. Real estate broker or dealer</b>  |
|  | <b>11. Sponsor or syndicator of limited partnerships</b>                                     |

Fidelity, Charles Schwab and Morgan Stanley are registered broker-dealers that serve as the primary custodians for Beaumont's clients. Similarly, Mid Atlantic Trust Company (MATC) is the custodian for BCM's ModelxChange accounts, TD Ameritrade for the CIFs sub-advised by BCM, while TIAA/CREF and other specific purpose custodians may also be used when circumstances dictate. Beaumont also uses the aforementioned BDs as primary executing brokers on client transactions. No broker-dealer relationship exists with any custodian, and no commissions are paid to Beaumont or its principals from any custodian. Neither the firm, nor its associates, are under any obligation or incentive to recommend or purchase any security, group of securities or mutual funds, in any client accounts.

BCM has engaged multiple platforms, wrap sponsors and turnkey asset management programs (TAMPs) to service single contract BCM accounts. They provide trading, rebalancing, performance measurement, reporting, fee billing and fee collection services for the BCM accounts. These platforms also provide exposure for BCM to many other custodians and advisors/brokers. In addition, as previously mentioned, BCM has a sub-advisory relationship with both CIFs and mutual funds.

Please reference previous Items for additional information.

In March 2012 Beaumont signed a licensing agreement with, and purchased a 10% ownership position in, AIM. AIM provides investment research to BCM. This research is used for some of the BCM strategies. In return for the research provided, Beaumont pays the majority owners of AIM a portion of the fees received by BCM from applicable strategies. Beaumont has an agreement with AIM to be the sole domestic recipient of their research, with rights of first refusal for new research.

Beaumont offers and provides various financial planning and/or tax preparation services. Lawrence Fiore is the Director of Beaumont's tax practice. Mr. Fiore and Thomas Cahill are both members of the Massachusetts Society of CPAs. Mr. Cahill is also a member of the AICPA. Beaumont has two associates who are dedicated to the tax department during tax season. Other Beaumont associates, and or outside accountants, assist the tax department during peak times.

**D. Disclose if you receive compensation, directly or indirectly, for recommending or selecting other investment advisors for your clients.**

Please reference Item 8.A for additional information.

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

**A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 (or similar state rule). Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

As an SEC-registered adviser Beaumont has a Code of Ethics (“The Code”) that is reviewed and updated on an ongoing basis. As summarized by the SEC, rule 204A-1 states:

*The codes of ethics must set forth standards of conduct expected of advisory personnel and address conflicts that arise from personal trading by advisory personnel. Among other things, the rule requires advisers' supervised persons to report their personal securities transactions...*

Upon beginning employment at Beaumont, new employees receive training and sign an acknowledgement of their understanding of The Code. Additionally, each year all employees recertify their understanding and compliance of The Code. The Code specifically addresses employee trading, conflicts of interest and compliance protocol in an effort to educate and prevent wrongdoing from occurring. The Code also includes a section regarding a Compliance review of initial employee holdings and the quarterly review all employees' personal trades to ensure preapproval was obtained (when necessary).

Subsequent items addressed include, but are not limited to: reporting violations, insider trading, employee education and acknowledgement, and record keeping requirements.

Beaumont will provide a copy of its Code of Ethics, upon request, to any client or prospective client. Submit requests by email ([msnyder@bfpartners.com](mailto:msnyder@bfpartners.com)) or by phone (781-400-2800).

**B. If securities in which you or a related person has a material financial interest are recommended to clients, or bought or sold for client accounts, describe your practice and discuss the conflicts of interest it presents.**

The fees collected from clients by Beaumont are not based on the securities bought or sold for client accounts, nor is employee compensation based on investments made on behalf of clients or by recommending or using specific investment companies.

**C. If you or a related person invests in the same securities, or related securities, that you recommend to clients, describe your practice and discuss the conflicts of interest this presents.**

Beaumont associates may invest in the same securities or strategies as clients. When this situation arises, Traders aggregate buy and sell transactions where clients and associates will receive the same daily average buy/sell price

for that security. When an employee submits a trade for pre-approval, and no trades are scheduled for client accounts, the compliance officer may hold the employee's trade until trades will be made in client accounts. As another option, the trade request may be approved (possibly with instruction to execute over several days) in an attempt to keep it from having a negative impact on the security for Beaumont clients. Compliance attempts to avoid approving trades that will give the appearance or violate the rules of front running. The clients' best interest is the primary consideration before approving or executing employee trades.

Beaumont associates are allowed to place trades in certain investments, such as mutual funds, without compliance approval given the inability of an individual to affect its market price and the price being determined at the market close each day. However, as stated earlier, typically employee trades in individual securities (including stocks, ETFs, etc.) require pre-approval from Compliance.

Beaumont client trades (including those not involving employee accounts) will normally receive a common, aggregate price with other clients participating in a transaction of the same security executed on the same trade date (and with the same custodian). Client trades at different custodians will likely receive different trading prices due to time of execution, size of order, commission, etc.; however, they will typically be aggregated/blocked with like client trades at the same custodian. Clients requesting same day settlement or other priority services may exclude them from being included in aggregated, block trades.

There have been instances where Beaumont and BCM invests, or want to invest, in the same securities. Procedures were created to prevent potential conflicts of interest and preferential treatment and to help ensure that investment opportunities are allocated equitably between Beaumont and BCM. With BCM primarily following rules-based systems and investing only in ETFs and money markets, this potential conflict is rare.

Beaumont and BCM share certain investment research, macro-economic analysis, and discussions on strategy and asset allocation. Due to the unique investment strategies of Beaumont and BCM, each division uses different primary means to handle trading. Beaumont has dedicated employees that handle trading for its investment advisory clients. BCM primarily uses wrap sponsor programs to execute trades and rebalance clients' holdings, although there are limited circumstances where the Beaumont traders are involved in the trading of BCM strategies. Other software may be used to provide trading interfaces with additional custodians. BCM only uses ETFs and money market funds that are screened for liquidity. ETFs will be considered for removal from strategies if liquidity levels cannot be met. This helps to give BCM the ability to trade efficiently in and out of various ETFs. Trading protocols between the platforms and custodians have been established to provide liquidity to buy/sell ETFs. Beaumont traders facilitate a small portion of the BCM trades.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for their own account, describe your practice and discuss the conflicts of interest it presents.**

See response to Item 10 and Item 11.C.

Beaumont's owners and associates may invest in the previously mentioned BCM strategies through their personal accounts as long as BCM accepts their investment (i.e. if minimums are met, etc.). The dual security process in place significantly reduces the possibility of a conflict of interest. It requires associates to have their personal trades pre-approved and aggregation of employee trades with client trades. The blocking (aggregation) of trades is an important process utilized by Beaumont. Aggregation means that clients and associates receive an identical, (average) buy/sell price for each security traded, (bought or sold) on the same business day.

BCM Sector and BCM Paradigm strategies can trade as frequently as weekly, or in some cases monthly, while BCM Decathlon typically trades every 25 trading days. All active employee and client account transactions are placed in a block when possible. Instances where trades for a strategy may not receive the same price as other accounts being traded include when an account is changing strategies (from one to another) or new money is being invested (because the trades would be submitted separately from the active strategy trade submissions). In these situations, there could be multiple trading prices received for the same day. Similarly, wrap program trades placed at different custodians will not always get the same execution price.

Beaumont has several policies, including a Code of Ethics (which applies to Beaumont and BCM) which addresses the potential for conflicts of interest which may arise through personal trading. These policies restrict the timing which employees may purchase or sell a security which is being considered for purchase or sale by, or for, clients. In addition, the firm has policies and procedures designed to prevent insider trading.

## **Item 12 – Brokerage Practices**

### **A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation**

#### **1.a-f – Related to research and soft dollar benefits, markups or markdowns.**

Beaumont does receive research material from Morgan Stanley and others based on the relationship between the firms. Other research received, from various firms, may be from a relationship with a Beaumont employee prior to their joining Beaumont. No additional compensation is paid to, or from, Beaumont for research and there are no markups or markdowns of commission related to this exchange.

See Item 5.A. and Item 10.D. for more information.

#### **2.a-b – Disclose any potential incentives in recommending a specific broker-dealer.**

Beaumont does not have any incentive to recommend a specific broker-dealer.

Beaumont participates in the Fidelity Wealth Advisor Solutions Program where Fidelity makes information about investment advisors and financial planners, who custody assets with them, available to high net-worth investors. Beaumont is under no contractual obligation to buy any product or service offered by Fidelity, or its affiliates, as a condition of participation in this program. Beaumont uses the same criteria for brokerage/custody selection for clients referred through the Fidelity Wealth Advisor Solutions Program that they use for Beaumont clients that did not participate in the program. Beaumont may have been selected for participation in this program as a result of its existing relationship with Fidelity or its affiliates.

Beaumont negotiated its current Fidelity commission schedules aside from these arrangements and we believe our schedules to be favorable given the quality and services provided. Beaumont does not receive *direct* compensation, in any form, to participate in this program however it will obtain additional assets and accounts (which would likely result in additional revenue via an increase in AUM).

Please also see Item 14.B for additional information.

Beaumont's participation in the program may raise potential conflicts of interest or give the appearance that Beaumont has an incentive to recommend clients to custody their assets with Fidelity. However, Beaumont uses Fidelity as the custodian for the majority of new and existing clients due the beneficial cost, execution and level of



service provided. There are instances when Beaumont will trade with the brokerage houses where the accounts are held because the prime brokerage/trade-away fees would outweigh any savings that could result in trading at another through another broker.

With multiple custodians and broker choices available, neither Beaumont nor BCM are under any obligation to use Fidelity, or any other specific custodian or broker, for client accounts and activity. Clients can always inquire about other custodians Beaumont uses and have the option of moving their accounts to any one of them. Multiple custodial and broker choices are currently available to Beaumont and BCM clients and we are continuously exploring additional relationships to increase the choices, and benefits, for our clients.

The selection and recommendation of custodians and broker-dealers by Beaumont and its clients will depend upon previous association, client needs versus the services provided, the expenses of each custodian (including fund management fees, prime brokerage/trade-away fees, and commissions paid), product offerings, service to Beaumont (including electronic data support) and client preference. Beaumont also takes into consideration the quality and quantity of products offered and services provided by brokers and custodians. Beaumont will give consideration to several relevant factors including, but not limited to, the custodians'/broker-dealers':

- full range and quality of the services provided, as appropriate;
- responsiveness to Beaumont regarding software and other technology support;
- general execution and operational capabilities;
- reputation, reliability and experience;
- fee schedule;
- integrity, financial strength and stability.

### **3. – Directed brokerage**

Beaumont has a relationship with Morgan Stanley for clients seeking a full service broker.

Beaumont has clients who request to have accounts and assets maintained at a specific custodian, including Morgan Stanley, regardless of the higher cost associated with the full service brokerage fee schedule. These clients' requests may be due to a previous relationship between the client and the custodian and broker, unique product offerings, reporting capabilities, or that custodian being a full service provider. A client may pay a higher commission and may not receive best execution for all transactions, due to the custodian's full service fee schedules, with their directing Beaumont to use a specific custodian.

Beaumont's investment advisory clients have the following stock commission schedule on the Morgan Stanley, full service, Retail platform: 1 to 700 shares: \$35 (minimum ticket charge); 701 shares or more: \$.05 per share; and mutual fund loads are based on the schedules provided in each fund's prospectus.

#### **B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts.**

As stated in Item 11.C. Beaumont client trades will normally receive a common, aggregate price with other clients participating in a transaction of the same security executed on the same trade date (and with the same custodian). Client trades at different custodians may, and likely will, receive different trading prices due to time of execution, size of order, commission, etc. however, they will typically be aggregated/blocked with like client trades at the same custodian. There are exceptions when a trade would not be aggregated, such as if there was a need for same day settlement or other one-off client requests.

Beaumont may purchase a security, i.e. an initial public offering (IPO), secondary offerings and certain bonds, from a specific broker-dealer, if it is not available through multiple brokers or if only available in limited quantity, and allocate to client accounts at other custodians, as appropriate. Beaumont uses several methods to allocate securities to clients in an equitable manner in these instances including alphabetical, reverse alphabetical, % of portfolio held in cash, or other manners, to help ensure that the same client accounts are not repeatedly participating when there are limited quantities available, or if a security is being bought/sold over multiple days.

If Beaumont decides to invest in equity IPO shares for its clients, the shares are only allocated to Beaumont's high net worth clients that have a preference and tolerance for high-risk investments. Equity IPOs are typically only available to clients who have accounts established with the broker-dealer underwriting each IPO. In order to be considered by Beaumont for allocation of IPO shares, the client must typically have:

- 1) A Fidelity, Schwab or Morgan Stanley account with a market value of at least \$150,000;
- 2) A liquid net worth of at least \$1,000,000; and
- 3) Accounts in good standing with the clients' respective custodian, including complete paperwork, etc., and meet certain other criteria as set forth by the custodian.

When supply of a desired security is available at only one of the broker-dealers listed above, Beaumont may purchase large blocks and transfer all or part of the desired security from one custodian to another custodian to make the security available to all clients.

Beaumont will make a client account whole for client losses resulting solely from a trade error it caused. Beaumont will use its discretion if the trade error results in a gain, and may keep the gains, if applicable. One scenario where Beaumont may "keep" the gain is if, in its judgment, doing so is in the best interest of the client. Possible reasons or results could be, but is not limited to: the amount of the gain is less than commission payable, client would incur an unwanted short-term redemption fee, wash sale rule violations, sale of restricted securities, tax implications, etc. Additionally, for errors caused by the client or an advisor at another firm, the error may not be corrected nor the client made whole. This could occur if the client initiates trades with a broker or custodian without making Beaumont aware of the trade. This could result in a short position or over-investment of the account. If another advisor initiates money movement from the account without making Beaumont aware, and trades are placed assuming the funds are there, the account may not be made whole. Beaumont may be required to follow certain trade error procedures implemented by custodians, limiting their discretion when correcting an error.

Beaumont and BCM are under no obligation to use the same custodians or broker-dealers. Beaumont and BCM use similar criteria for broker and custodian selection and there will likely be instances where the two will use the same broker-dealer and or custodian. However, the use may be part of a different program or platform offered by such custodian (i.e. institutional vs. retail platforms or TAMP vs. direct business). As a result, client accounts may be charged different fees and commissions depending upon the account's platform or program transaction and associated commission schedules.

BCM may recommend liquidity providers (LP) to block/aggregate some or all of certain ETF transactions. These LPs perform create/redeem scenario services and can help achieve best execution. However, the platforms and TAMPs are typically responsible for trade execution.

Please also see Item 10.C. for additional brokerage information and Item 11.C. and Item 11.D. for additional aggregation practices.

## **Item 13 – Review of Accounts**

### **A. Indicate the frequency of review of client accounts and the nature of the review.**

The nature and frequency of our Beaumont client account reviews will vary greatly however attention is given to these accounts regularly. The most common review occurs when a security is recommended (for purchase or sale) by the Investment Committee. Related to these recommendations, and also on a standalone basis, a list will be distributed to each RM showing their clients' accounts sorted by security or an aggregate of the types of securities for appropriate review and action to be taken by the RM. Cash holding reports are typically distributed to RMs on a weekly basis to look for high/low cash positions. These reviews, and other periodic reviews, are conducted for client accounts to ensure that their asset allocation is consistent with the agreed upon allocation guidelines or if adjustments are necessary.

Other reviews are conducted to review capital gains and losses, large deposits or withdrawals, assess income needs and ensure funds are available as needed. Sudden economic, political or other macro events may also cause more frequent or immediate review of accounts and their allocation. Additional reviews may occur due to changes in the personal financial circumstances of a specific client. More formal reviews with clients occur by mail, phone or in person as indicated by the client. Clients are encouraged to contact their RM at any time if they have any questions or would like to discuss their account(s) (i.e. target allocation, investment strategy, holdings, etc.).

BCM client accounts will not typically receive formal reviews as these accounts are part of a strategy that can be traded on a regular basis. However, BCM uses a rotating client contact process where direct clients are typically contacted, proactively, every 3-6 months to connect and provide any updates about the strategies in which they may be invested. Most custodians and TAMPs provide clients with the ability to login and review their accounts at any time. Additionally, clients are encouraged to contact their relationship manager with any questions.

### **B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review**

See Item 13.A.

### **C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

The reporting frequency will vary, and evolve over time, based on the client's preference. Clients may elect to have more frequent reviews or less frequent reviews as time goes on, while many clients prefer not to have formal meetings for reviews. A report for a formal review may include, but is not limited to:

- various portfolio metrics,
- individual account, group (personal, retirement, etc.) and/or total portfolio performance,
- a review of the asset allocation and holdings of each portfolio, and
- if applicable, will suggest timely, pertinent investment advice.

All clients will typically receive quarterly or monthly statements from their custodian(s). Clients will often be given the opportunity to have their statements available electronically rather than have a physical, paper copy sent to them. Clients are encouraged to review these statements and contact their RM if they have any questions or concerns.

Beaumont receives daily electronic downloads from its custodians that contain transaction, position and daily pricing files. These transactions are reconciled nightly by our portfolio software provider Advent Software, Inc.

For BCM Strategies only, investment reports are typically available on-line from both the TAMP and custodian. Clients should contact their RM if they need help accessing the appropriate website or if they have questions on their account(s).

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement.**

Please see Item 5.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and compensation.**

Beaumont has entered into solicitation arrangements with unaffiliated third parties in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940. Please also see Item 12.2(a-b) for additional, relevant information on this topic.

- Clients will be informed of any such arrangements, and the nature of the relationship as applicable, at the time of the referral and prior to entering into an advisory agreement with Beaumont.
- The solicitor will provide a copy of Beaumont's Disclosure Document (Form ADV Part 2) to the client.
- No contract will be signed with a solicitor's client until proof that the required solicitor's disclosures (including this ADV Part 2) has been provided to the client is given to Beaumont by the solicitor.
- Solicited clients may, or may not, pay additional fees or commissions for this solicitor's service. Any additional fees are fully disclosed in the solicitor's disclosure.

Beaumont employees who are investment advisory agents of Beaumont may be paid additional compensation by Beaumont for their efforts in bringing in new clients and servicing existing clients. Beaumont will pay Strategic Advisors, Inc. (SAI), a Fidelity company, an annual fee as a percentage of retained client assets for referrals from the Fidelity Wealth Advisor Solutions (WAS) Program. Beaumont has agreed to pay SAI an annual minimum fee for participation in the program, and may be responsible for any difference between the annual minimum fee prescribed by the agreement and actual fees paid for referrals. Referral fees paid to Fidelity are paid by Beaumont and not the client. Beaumont is not affiliated with SAI or Fidelity (FMR LLC). SAI does not supervise, nor does it have oversight responsibility for Beaumont. To receive referrals from the WAS Program, Beaumont must meet certain minimum participation criteria or be selected for the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). Beaumont may have, or be perceived to have, a potential conflict of interest, as a result of its participation in the WAS Program, with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts. Advisor may also have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred through the WAS Program.

Beaumont or BCM may compensate certain financial intermediaries, including TAMPs, broker dealers, etc., to promote our investment advisory services with:

- increased visibility on their sales system,
- participation in their marketing efforts
- opportunities for Beaumont personnel to present its investment strategies to the intermediary's sales force and/or clients at conferences, seminars or other programs (or helping to facilitate or provide financial assistance for such events),

- placement on their preferred advisor list, and
- access (in some cases, on a preferential basis over other competitors) to individual members of their sales force or management as incentives to certain financial intermediaries to promote our investment advisory services.

We compensate financial intermediaries differently depending on the aforementioned service(s) they provide.

#### **Item 15 – Custody**

**If a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive them, and that they will also receive account statements from you. Include a statement urging clients to compare the account statements.**

Beaumont Financial Partners, LLC does not directly maintain custody of client funds or securities, nor does it accept the delivery of funds or securities in the form of cash or in the name of the firm.

Custodians send, or make available, monthly or quarterly statements, depending on the custodian, directly to clients. These statements include details about the account balances, market value of securities held, and include all individual transactions executed in the account during the period. Confirmations are provided by each custodian to clients based on the delivery method selected, which often includes the client's ability to sign up for continuous electronic account access.

There may be instances where a Beaumont managing partner or an associate is named as a Trustee or executor of client trusts, estates or wills, or as custodian of a Uniform Gifts to Minors Account (UGMA). This relationship is not typically encouraged, however in view of these relationships, the firm is deemed to indirectly maintain custody for these accounts. In order to comply with the regulatory requirements pertaining to custody (SEC Custody Rule 206(4)-2), Beaumont has an annual surprise exam conducted by an independent accounting firm. This is to ensure the funds of these (custody) accounts are legitimately held and are not falsified or used unethically.

Clients are encouraged to review their custodian account statements and confirmations closely, and contact Beaumont promptly if they have any questions. Beaumont calculates values based on trade date where some custodians will value securities based on the settlement date, which may cause a slight difference in value. If a client notices any major discrepancies or suspicious activity while reviewing their statements from the custodian or report received directly from Beaumont, they should contact their relationship manager or Beaumont's Chief Compliance Officer immediately at 781-400-2800.

#### **Item 16 – Investment Discretion**

**Describe the procedures you follow before you assume discretionary authority to manage client accounts and any limitations the client may place on this authority.**

Beaumont and BCM are granted, and accept, discretionary authority to manage client accounts and the underlying securities on their behalf through an Advisory Agreement. This Agreement is provided to, and signed by, all clients prior to assuming discretionary authority to manage any client account. The Advisory Agreement also gives Beaumont authority to select and use sub-advisors.

Additionally, Item 4.C. explains limitations clients may place on this authority.

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

- A. Do you have, or will accept, authority to vote *client* securities, and briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.**

Beaumont Financial Partners, LLC, *does not* vote proxies on behalf of its clients. While all Beaumont and BCM Investment Advisory Agreements grant the firm the legal ability to do so, we are not required to take action. If our current proxy policy changes, we will promptly notify our clients.

- B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you.**

Clients who have their assets at Morgan Stanley will receive their proxies directly from the custodian. For clients with other custodians, the account application gives the client the option to have proxy ballots sent directly to them or to their advisor, although the latter is discouraged, as Beaumont will not vote on their behalf. However, clients are encouraged to contact their relationship manager with any proxy related questions.

### **Item 18 – Financial Information**

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**
- B. Note: If you are a sole proprietor...**
- C. Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your *brochure*.**
- D. Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.**
- E. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance...**
- F. Note: With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the *state securities authorities*...**
- G. If you have been the subject of a bankruptcy petition...**

18.A. – 18.G. are not applicable.

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

- A. If you are registering or are registered with one or more *state securities authorities*...**
- B. Describe any business in which you are actively engaged**
- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a *supervised person* is compensated for advisory services with *performance-based fees*, explain how these fees will be calculated.**
- D. If you or a *management person* has been *involved* in one of the events listed below:**
- 1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500**
  - 2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding***
- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your *management persons* have with any issuer of securities that is not listed in Item 10.C. of Part 2A.**

19.A. – 19.E. are not applicable. Beaumont is registered with the SEC and is not a State-Registered Advisor.

## **Item 20 – Other, Miscellaneous Items**

### **Beaumont’s Office Locations**

The Beaumont home office is located at 250 1<sup>st</sup> Avenue, Suite 101, Needham, MA 02494; Beaumont has an additional presence at 1790 Hughes Landing Boulevard, Suite 400, The Woodlands, TX 77380, as well as Chicago, IL; Dallas, TX; Wayne, NJ; New York, NY; Los Angeles, CA; and San Francisco, CA.

### **Class Action Settlements**

Periodically the securities held in client accounts may be the subject of class actions lawsuits. Beaumont has no obligation to determine if the securities held by clients are subject to a pending or resolved class action lawsuit, nor any duty to evaluate a client’s eligibility to participate in the proceeds of a securities class action settlement. Furthermore, Beaumont has no obligation or responsibility to initiate litigation, submit a claim or recover damages on behalf of clients who may have been impacted because of actions, misconduct, or negligence by corporate management of issuers whose securities are/were held in client accounts.

As of November 2011 Beaumont has retained an outside company, Financial Recovery Technologies (“FRT”), to improve this process by electronically filing all class action claims on behalf of all our clients. As a result, any class action claim that each client is eligible to file will be handled for them automatically. Fees for this service are on a contingency basis, so there will be no charges against client accounts. FRT will absorb any and all costs to provide this service and will deduct their fee of 17.5% from any awards recovered from claims they have filed on behalf of our clients. FRT will also attempt to recover claims for any account held at certain custodians as long as Beaumont has electronic transaction and position data available. Beaumont may not be able to provide holding or transaction information to FRT for trades that were executed prior to the client engaging Beaumont. There are certain financial loss criteria that need to be met for a client to receive a payment.

As a Beaumont client and recipient of this service, clients will no longer need to take any action in order to be eligible to receive awards of class action settlements. Clients will likely continue to receive class action notices from claims administrators for securities held in their account(s), however there would be no need to take any action.

Clients will automatically be registered for this service unless they actively opt out *by notifying Beaumont in writing*. The amount of awarded settlements each client is entitled will be deposited directly into their account and noted on their next statement. FRT services are only available for clients who have active accounts under management with Beaumont. Clients can also be assured that any personal information provided to FRT on your behalf is protected under our Privacy Policy and Cybersecurity Program.

## **CLIENT PRIVACY POLICY NOTICE**

This informational notice covers how Beaumont Financial Partners, LLC and its separate division, Beaumont Capital Management, (collectively "Beaumont") safeguards your nonpublic personal financial information.

At Beaumont, protecting the privacy of client information is one of our fundamental responsibilities. This notice summarizes our policy regarding the confidentiality and disclosure of client information. We do not sell or rent any personal information we gather from you to anyone, and will only share such information with others as stated in this notice.

### **Personal Information Collected**

As a client of Beaumont, you have provided, or may provide in the future, personal information about you and your family to the Partners and employees of Beaumont. Some examples of the information we may request include:

- Name, address, phone number, social security number, tax identification number and date of birth.
- Assets, employment history, income, liabilities, retirement goals and legal documents.
- Account balances, account numbers, statements and custodians.
- A photo copy of a valid driver's license, passport, green card or military identification. Such identification may be required by Beaumont and/or the custodian when opening new investment accounts. Many financial institutions in the United States require a copy of at least one of these documents to comply with Uniting and Strengthening America by Protecting Appropriate Tools Required to Intercept and Obstruct Terrorism, also known as the USA PATRIOT Act.

Beaumont may also receive information from the custodians used for client accounts or other custodial firms including:

- Duplicate copies of monthly statements and trade confirmations
- Daily electronic downloads of clients' account information (e.g. all transactions and positions).

Before a custodian distributes the above information to Beaumont, the client must provide the custodians with authorization (usually part of the account application process) to do so.

### **Why We Collect Personal Information**

The personal information we collect is necessary to help us provide informed investment management, financial planning and/or tax services to you.

### **How We Handle Your Personal Information**

As emphasized above, we do not sell, rent or distribute information about current or former clients or their accounts to third parties. We do not share such information with anyone, except as needed in the normal course of business, such as to: open accounts, meet required compliance reviews, and complete transactions in your accounts.

For example:

- In order to open accounts or complete transactions for you, it may be necessary to provide aforementioned identifying information to custodians, companies, individuals, or groups not affiliated with Beaumont. In addition, Beaumont may be asked to provide its custodians with copies of our Investment Advisory Agreement with you.
- At times, we may contract with non-affiliated companies to perform services for us (i.e. CPAs for tax preparation and Financial Recovery Technologies for class action recovery). If it is necessary, we may disclose information that we have collected from you to these third parties. In these instances, we only release the information that is necessary for the third party to complete its assigned responsibilities (i.e. tax cost basis). In addition, we require that these third parties treat your personal information with the same high degree of confidentiality that Beaumont does.
- For clients with a Beaumont Capital Management (BCM) account, Beaumont has hired Envestnet Asset Management, Inc. to handle many of the back-office functions (i.e. opening new accounts, trading, billing and reporting) for BCM. As a result, Beaumont will need to provide confidential client data to Envestnet to complete these back office services.
- We will release information about you if you request us to do so or if we are compelled to do so by law. If you decide to close your account(s) or your account becomes inactive, we will continue to adhere to our privacy policy.

It is always our intent to protect and maintain the integrity of any client information collected, or received during the course of the relationship. Beaumont has contractual agreements with third parties used stipulating the limitations of any information to which they may have access. In short, all non-public client information is kept confidential and not shared, sold, copied or otherwise used. However, Beaumont clients have the option to opt-out of having their information shared with any third parties. If you are a client, or once you become a client, and would like to opt-out of having your information shared please contact your relationship manager or call the number at the end of this notice.



**Confidentiality and Security Procedures**

Beaumont emphasizes the importance of confidentiality through operating procedures, employee training and our client privacy policy. We also maintain electronic, physical and procedural safeguards to help protect your nonpublic personal information.

**How You Can Protect Your Information**

If you access your accounts on-line, you should confirm that the anti-virus software and firewall/spyware protection is current on the computer(s) that you use to access your accounts. We also strongly recommend that you select a unique User ID and Password that **does not** contain any personal information (i.e. SSN, DOB, Name, phone #, etc.) and changing the password periodically. Additionally, we recommend that you do not provide any of your account information, including online account user names or passwords, to anyone. This is especially important if the request is presented via email or over the phone by a source that you are not familiar with. It is also suggested that you regularly review the activity on your brokerage statements. If you notice any suspicious or irregular activity relating to your account(s), or if you feel any of your information has been compromised, hacked or otherwise obtained, please contact us immediately.

**Annual Notification**

As required by federal law, Beaumont will provide you with annual notification of our client privacy policy. Beaumont reserves the right to amend this policy at any time. If we alter it, we will promptly provide you with the updated policy.

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**MASSACHUSETTS DISCLOSURE**

**Massachusetts law (Sec. 203A) requires disclosure that information on disciplinary history and the registration of the adviser and its associated persons may be obtained by contacting the Public Reference Branch of the U.S. Securities and Exchange Commission at (202) 551-8090 or the Massachusetts Securities Division, One Ashburton Place, 17<sup>th</sup> Floor, Boston, Massachusetts 02108 or (617) 727-3548.**

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**COMPLIANCE WITH PRIVACY REQUIREMENTS**

In compliance with 201 CMR 17.00 Beaumont has a designated Information Security Manager and maintains a Written Information Security Program (WISP). This Program is consistent with the requirements of the Commonwealth of Massachusetts, and outlines the responsibilities of the firm and its personnel to protect client data. Although the requirement only pertains to residents of Massachusetts, these standards are applied to all clients. Beaumont is also aware of and may consider the stipulations set forth by each state. In addition, the Securities and Exchange Commission’s (SEC), Regulation S-P provides further guidance and requirements for handling and protecting non-public client information (NPI). Beaumont also adheres to and applies these standards to its business and handling of client information.

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**NOTIFICATION OF BEAUMONT FINANCIAL PARTNERS, LLC’S**

**PROXY POLICY**

In accordance with SEC Rule 206(4)-6 of the Investment Advisers Act of 1940 relating to Proxy Voting, Beaumont is notifying you of its following Proxy Policy: As a matter of current policy, Beaumont Financial Partners, LLC, *does not* vote proxies on behalf of its clients. While all Beaumont’s Investment Advisory Agreements grant the firm the legal ability to do so, we are not required to. If our current proxy policy changes, we will promptly notify our clients.

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**ANNUAL FORM ADV OFFERING**

Federal law, through the U.S. Securities and Exchange Commission (SEC), requires Beaumont Financial Partners, LLC to provide the following offer annually:

*Per Rule 204-3 of the Investment Advisor’s Act of 1940 an investment advisor is required to annually, within 120 days of its fiscal year end, deliver to existing clients either (1) a complete, Disclosure Document (Form ADV, Part 2A) or (2) a summary of material changes to the Disclosure Document since the last update and also offer to provide a copy of the full Document upon request, without charge. If at any time you would like a complete copy of our Disclosure Document, please call or write, using the following information, and we will be sure to send you a copy.*

*Beaumont Financial Partners – 250 1<sup>st</sup> Avenue, Suite 101 – Needham, MA 02494 – (781) 400-2800.*

Additionally, our Disclosure Document is available via our website, [www.bfpartners.com](http://www.bfpartners.com).

**You do not need to call or do anything as a result of this notice,** however please contact us if you have any questions.