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## **FORM ADV PART 2A – FIRM BROCHURE**

**MARCH 29, 2019**

This brochure provides information about the qualifications and business practices of Boston Research and Management, Inc. If you have any questions about the contents of this brochure, please contact us at (978) 526-9700. 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.

Boston Research and Management, Inc. 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 to consider when you determine to hire or retain an adviser.

Additional information about Boston Research and Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

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There have been no material changes since our last annual filing on March 28, 2018.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, and as necessary based on changes or new information. You may also request a copy of our brochure at any time by contacting Amy Flynn at (978) 526-9700 or [aflynn@bostonrm.com](mailto:aflynn@bostonrm.com).

Additional information about Boston Research and Management is available via the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Boston Research and Management who are registered, or are required to be registered, as investment adviser representatives of Boston Research and Management.

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## **ITEM 4: ADVISORY BUSINESS**

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Boston Research and Management, Inc. (“BRM”) is an independent investment adviser registered with the SEC and incorporated in the Commonwealth of Massachusetts. Raymond J. Stecker, Jr., President and CEO, founded BRM in 1991 and is the majority owner. BRM manages \$394,112,102 in client assets on a discretionary basis as of December 31, 2018.

BRM is a fee-only wealth management firm providing customized investment management and financial planning services for high net-worth individuals, trusts, estates, pension and profit-sharing plans, charitable organizations and other business entities. We specialize in the research and management of our clients’ investment assets. Unlike many firms in our space that outsource this service, our roots in research and analysis allow us to maintain direct ownership of positions, reducing the layering of fees that has become so common in this industry. We do not participate in any wrap fee programs.

Since our inception, we have been committed to always acting in our clients’ best interests.

- We do not sell products or accept commissions or referral fees from any source.
- We are not affiliated with any other financial institutions; thus, our research and investment process is completely independent and unbiased.
- We provide a high level of transparency where our clients always have direct access to the decision makers overseeing their assets.

We do not believe our clients are well served by short-term performance contests. Our approach focuses on disciplined thinking, consistently applying a sound investment process, and a willingness to stand apart from the crowd. We operate as a cohesive team and maintain direct relationships with all of our clients, working closely with them to align their finances with their goals and values.

### **INVESTMENT MANAGEMENT**

Our goal is to both protect and prudently grow our clients’ assets through intelligent portfolio construction, subject to each client’s risk profile and investment guidelines. Through initial and ongoing discussions with our clients, we create and manage portfolios based on their personal investment objectives and risk tolerance. Portfolios are monitored on an ongoing basis so that we can make adjustments as required by changes in market conditions and in our clients’ financial circumstances.

Discretionary authority is granted in the investment advisory agreement signed by our clients. This allows us to determine the type and amount of positions to be purchased and sold for our clients’ accounts without requiring client approval prior to each transaction. However, clients may, at any time, place reasonable restrictions on the types of investments which will be purchased on their behalf.

Advice may be offered on any investments held by a client at the start of the advisory relationship; however, recommendations for new investments are typically limited to: individual equities, exchange traded funds, no-load mutual funds, corporate/government/municipal debt, certificates of deposit, structured products and other alternative investments. We may also advise clients on other types of investments that we feel are appropriate based on the client’s stated objectives and risk tolerance.

BRM, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. BRM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of BRM calculating its investment advisory fee. BRM's clients are under absolutely no obligation to consider or make an investment in a private investment fund.

BRM provides investment advice, for a level fee, for retirement assets affected by the Department of Labor ("DOL") Fiduciary Rule. As such, BRM abides by the Impartial Conduct Standards as defined by the DOL. To comply with these standards, we give advice that is in our clients' best interest, charge no more than reasonable compensation, and make no misleading statements about investment transactions, compensation, conflicts of interest, and any other matters related to investment decisions. As a level-fee fiduciary, we maintain a non-variable compensation structure that is provided on the basis of a fixed percentage of the value of assets or a set fee that does not vary with the particular investment recommended, as opposed to a commission or other transaction-based fee.

Please note, a client or prospective client is under absolutely no obligation to engage BRM as the investment adviser for his/her employer sponsored retirement account. Rather, a client can continue to self-direct his/her retirement account at his/her employer. If the client determines that he/she would like BRM's assistance, BRM shall charge a separate and additional advisory fee for its ongoing advisory services. The client will not incur this separate and additional advisory fee if he/she determines to continue to self-direct his/her account. As a result, any recommendation by BRM that a client engage BRM to manage his/her retirement account presents a conflict of interest since BRM shall derive an economic benefit from such engagement. Again, a client is under absolutely no obligation to engage BRM as the investment adviser for his/her retirement account.

## **FINANCIAL PLANNING**

We view the holistic wealth planning process as a very important factor in achieving long-term financial success for our clients and offer financial planning services upon request. To the extent requested by the client, BRM shall generally provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither BRM, nor any of its representatives, serves as an attorney or insurance agent, and no portion of BRM's services should be construed as same. BRM may also, to the extent requested by the client, recommend the services of unaffiliated professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from BRM. Please note, if the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. We do not charge a separate fee for financial planning. In performing its investment management and financial planning services, BRM shall not be required to verify any information received from the client or from the client's other professional and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her responsibility to promptly notify BRM if there is ever any change in his/her financial situation or investment objectives for the purpose of reviewing/evaluating/revising BRM's previous recommendations and/or services.

## **ITEM 5: FEES AND COMPENSATION**

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BRM is compensated almost exclusively through fees based on a percentage of assets under management. Our standard fee schedule is as follows, although we may, in our sole discretion, charge a lesser investment management fee based upon certain criteria (i.e. anticipated future additional assets or earning capacity, related accounts, account composition, negotiations with client, etc.).

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
\$1,000,000 to \$4,999,999	1.00
\$5,000,000 to \$9,999,999	0.85
\$10,000,000 to \$24,999,999	0.75
\$25,000,000 to \$49,999,999	0.60
\$50,000,000 to \$99,999,999	0.50
\$100,000,000 and above	negotiable

A minimum annual fee of \$10,000 is applied to accounts less than \$1,000,000. Please note, if you determine to engage BRM with less than \$1,000,000 of assets under management and are subject to the \$10,000 minimum annual fee, you will pay a higher percentage annual fee than if you maintained \$1,000,000 under BRM's management.

Management fees are billed to clients in arrears at the beginning of each calendar quarter based upon the market value (or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Management fees are deducted directly from the client's account, as disclosed in our written advisory agreement, although clients may elect to be billed directly instead. Billing statements detailing how management fees are calculated are included in the quarterly reports we send to clients. We encourage clients to reconcile these billing statements with the statements sent by the qualified custodian holding their assets and to notify us of any discrepancies.

In the event BRM references private investment funds owned by the client on any supplemental account reports prepared by BRM, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the fund sponsor, then the valuation shall reflect the initial purchase price, and/or a value as of a previous date, or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price, and/or a value as of a previous date, the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

A client agreement may be canceled by either party, for any reason, upon receipt of written notice. Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days.

BRM also receives minimal compensation for occasional Portfolio Reviews offered at a negotiated hourly rate to fiduciaries responsible for investment management where BRM has no management responsibilities. Portfolio Review fees are billed directly, upon completion and delivery of the Review.

We are not compensated by commissions or transaction costs and therefore do not have a conflict of interest with our clients. The management fees and Portfolio Review fees described above are the only fees that we charge our clients and the only source of income to the firm. Clients should note that similar advisory services may, or may not, be available from other registered investment advisers for similar or lower fees.

All fees paid to BRM for investment advisory services are separate and distinct from brokerage commissions, transaction fees, and other related costs and expenses. Clients may incur certain charges imposed by custodians, brokers and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian. Please refer to the “Brokerage Practices” section beginning on page 10 of this brochure for information regarding the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to our advisory fee, and we do not receive any portion of these commissions, fees and costs. Clients could invest in a mutual fund directly, in which case they would not receive the services we provide, which are designed, among other things, to assist clients in determining which mutual funds are most appropriate to their financial condition and objectives. Accordingly, clients should review both the fees charged by the funds and the fees charged by BRM to fully understand the total amount of fees to be paid, and to thereby evaluate the advisory services being provided.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

BRM does not accept performance-based fees, that is, fees based on a share of capital gains on, or capital appreciation of, a client’s assets. Performance-based fees may create incentives for an adviser to recommend riskier investments to the client, and also to favor accounts where management fees have the potential to be substantially higher. BRM avoids these potential conflicts of interest by not accepting performance-based fees.

Side-by-side management refers to managing both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly, flat or asset-based fee. Because we do not charge performance-based fees for any client accounts, side-by-side management is not an issue.

## **ITEM 7: TYPES OF CLIENTS**

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BRM provides investment advice to individuals, trusts, estates, pension and profit-sharing plans, charitable organizations and other business entities. We generally require a minimum of \$1 million to open an advisory account; however, we may waive this minimum account size at our discretion under certain circumstances.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

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BRM may employ several security analysis methods, but primarily relies on fundamental analysis. Fundamental analysis involves analyzing individual companies and their industry groups, looking at such factors as the outlook for the company's industry, the company's financial statements, details regarding the company's product line, and the experience and expertise of the company's management.

Our main sources of information include: financial newspapers and magazines; company press releases, annual reports, prospectuses and filings with the SEC; corporate rating services; and research materials prepared by others. We also use Bloomberg for real-time information on global stocks, bonds, mutual funds and exchange traded funds, and Morningstar for more in-depth mutual fund analysis.

### **EQUITY INVESTMENTS**

Identifying and acquiring superior businesses at undervalued levels is at the core of our equity strategy. We seek opportunities through both bottom-up and top-down research. Additionally, our proprietary screening models allow us to uncover opportunities that often go unnoticed by other investors.

Our process for selecting equities typically begins with a universe of companies with a market capitalization greater than \$1 billion in those industry groups and sectors that we feel have superior fundamental characteristics. Using a combination of independent research and analysis, proprietary models on company fundamentals, and discussions with management and industry analysts, we are able to narrow down this universe to those companies that we feel are worthy of further research and analysis.

If a company's business, management and financials meet our criteria and appear to be worthy of purchase, we then look at the company's valuation. We feel that the most reliable and logical method of evaluating a company is determining its intrinsic value. Then we compare the intrinsic value per share to the market price to see if there is a sufficient difference, or margin of safety. Our goal is to buy companies that are trading at a significant discount to their intrinsic value.

A company will typically be sold if it has reached its full valuation given its future prospects, if the prospects of the company or business dynamics have changed, or if we are displeased with management's performance. We do not subscribe to the notion that a client should be fully invested at all times and simply "rebalance" as markets rise and fall. Clearly some times are better than others for all positions. We alter capital allocations as we see fit for all of our clients.



## **FIXED INCOME INVESTMENTS**

Our fixed-income philosophy is to protect principal and provide a consistent and above-average after-tax rate of total return within client-specific guidelines. We utilize yield curve disparities and inefficient yield spread relationships among issues and sectors to maintain diversity, safety and liquidity. We continually assess and analyze factors which affect the direction of interest rates and the shape of the yield curve, such as: monetary and fiscal policy, economic statistics and geopolitical considerations. Analysis of these factors assists in determining the relationship between the short-term and long-term interest rate outlook, and where disparities currently exist or may exist in the future. This process enables us to manage the yield curve with an eye towards capturing value as the curve steepens or flattens. Assets are then allocated to various sectors, and individual security selection takes place in conjunction with the relative yield values and total return potential available during a particular economic climate. This process takes place within the specific client-defined criteria for each portfolio.

Unlike stocks, bonds do not have a centralized trading venue, and prices often vary greatly between broker/dealers. By not being affiliated with any single trading desk, we are able to identify the proper position for your portfolio and then call upon a variety of broker/dealers to locate the most attractive bonds at the best prices. This consistent attention to bond pricing allows us to increase the effective yield of your portfolio over time.

## **OTHER INVESTMENTS**

When used, mutual funds are selected on the basis of any or all of the following criteria: risk-adjusted returns; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Whenever possible, we try to recommend no-load mutual funds for our clients.

Our unique structure provides us with the opportunity to specifically design investment vehicles which allow us to participate in market discrepancies we perceive to exist across all asset classes, including commodities and currencies. On occasion, we will use principal-protected notes that limit the traditional downside in these volatile asset classes.

We may "sweep" un-invested cash into money market funds, or other appropriate short-term, high-liquidity investment vehicles, until such cash can be appropriately allocated towards other investments.

## **RISK OF LOSS**

Different types of investments involve varying degrees of risk and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BRM) will be profitable or equal any specific performance level(s). We do not represent or guarantee that our methods of analysis or investment strategies can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Changes in economic conditions that BRM cannot control, and may not anticipate, can affect an account's investments and prospects materially and adversely. In addition, any error in BRM's judgment may cause a client's account to experience losses or fail to experience gains. We cannot offer any guarantees that your financial goals and objectives will be met.

Although we work hard to preserve and grow our clients' capital, investing in securities involves risk of loss that clients should be prepared to bear. Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. Every client must be comfortable with the approach taken in their account and understand there is a risk of loss.

### ***Equities***

There are numerous ways of measuring the risk of equity securities ("equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors, including, but not limited to: the class of stock (preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, better established companies tend to be safer than smaller start-up companies, but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

### ***Bonds***

Corporate and municipal debt securities ("bonds") are typically safer investments than equities, but their risk can also vary widely based on: the financial health and credit worthiness of the issuer; the risk that the issuer might default; when the bond is set to mature; and whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

### ***Mutual Funds and ETFs***

Mutual funds and exchange traded funds ("ETFs") pool money from many investors and invest in any combination of stocks, bonds, short-term money market instruments, other mutual funds, or other securities. The fund will have a manager that trades the investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market or in a particular type of security rather than balancing the fund with different types of securities.

### ***Private Investment Funds***

Private investment funds generally involve various risk factors including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

### ***Options***

When appropriate to the needs of the client, BRM may recommend the use of option writing. Options are complex instruments and can be very risky, especially if the investor does not own the underlying stock. Because this investment strategy involves certain additional degrees of risk, it will only be recommended when consistent with the client's stated tolerance for risk.

## **ITEM 9: DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BRM or the integrity of BRM's management. BRM has no information applicable to this Item.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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BRM has no other activities or arrangements that are material to our advisory business or our clients with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, accounting firm, law firm, insurance agency or any other type of financial entity. We are not actively engaged in any business other than giving investment advice, nor do we recommend or select other investment advisers for our clients. We only receive compensation directly from clients, not from any outside source.

## **ITEM 11: CODE OF ETHICS**

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BRM has adopted a Code of Ethics for all supervised persons describing our high standard of business conduct and fiduciary duty to our clients. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interests of our clients at all times. Our fiduciary duty is the core underlying principle for our Code of Ethics, which includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. Any violations of the Code of Ethics must be reported to the Chief Compliance Officer. Upon employment and annually, or as amended, all supervised persons must sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics.

Subject to satisfying the Code of Ethics and applicable laws, employees may trade for their own accounts in securities which are recommended to and/or purchased for BRM's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of BRM will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest in their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity.

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. Personal trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between BRM and our clients.

BRM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Amy Flynn at (978) 526-9700 or [aflynn@bostonrm.com](mailto:aflynn@bostonrm.com).

## **ITEM 12: BROKERAGE PRACTICES**

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BRM generally requires that it be provided with the authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions. As a registered investment adviser, BRM has a fiduciary duty to seek best execution for client transactions, that is, selecting those broker-dealers which will provide the best services at the lowest possible commission rates. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help BRM in providing investment management services to all clients.

BRM currently recommends that new clients establish brokerage accounts at Fidelity Investments for custody of assets and trade execution. BRM has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides BRM with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and related services which assist BRM in managing and administering our clients' accounts and therefore benefit all clients. These services include software and technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from client accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Fidelity also offers other services intended to help BRM manage and further develop its advisory practice. Such services include, but are not limited to, consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally discounted from customary retail commission rates; however, it is possible that lower fees may be available from other custodians or broker-dealers.

Some of the services described above are made available to BRM at a discount or at no additional cost. As a result, BRM may have an incentive to continue to use, or expand the use of, Fidelity's services. We have determined that the relationship with Fidelity is in our clients' best interests and satisfies our client obligations, including our duty to seek best execution.

BRM is not affiliated in any way with Fidelity, and we do not receive compensation from Fidelity for accounts our clients open with them. Fidelity's services are generally available to independent investment advisers on an unsolicited basis and are not contingent upon BRM committing to Fidelity any specific amount of business. In the future, BRM may recommend other firms, in addition to Fidelity, for custody and trade execution for our clients' accounts.

### **BROKERAGE FOR CLIENT REFERRALS**

BRM does not receive client referrals from a broker-dealer or third party.

### **RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

BRM does not pay for any products, research or services, using client brokerage commissions, from the firms it trades with, nor are these items factors in determining the executing broker. Our sole focus when selecting an executing broker for clients is best execution. Some firms we trade with make general economic, factual, company-specific information, and/or regulatory and compliance information, available regardless of commissions paid, which BRM does receive in limited instances. The information received is not dependent on commission rates paid and all clients benefit from information BRM utilizes from any third party.

### **DIRECTED BROKERAGE**

BRM does not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer, however, we will permit a client to do so under certain circumstances. In some cases, a client may already have a pre-established relationship with a broker-dealer, and they will instruct BRM to execute all transactions through that broker-dealer. In other cases, a client may not wish to allow BRM to manage his/her account with full brokerage discretion. Rather, the client may wish to have BRM recommend a particular broker-dealer, on which the client will then perform his/her own due diligence. For clients in need of brokerage or custodial recommendations, and depending on client circumstances and needs, BRM may recommend the use of one of several broker-dealers, provided that such recommendation is consistent with BRM's fiduciary duty. The factors considered by BRM when making this recommendation are: the broker's ability to provide professional services, BRM's experience with the broker, the broker's reputation, and the broker's quality of execution services and the costs of such services, among other factors. The client will then direct the use of the broker-dealer that he/she wishes BRM to use in managing the account.

In directing the use of a particular broker-dealer, it should be understood that BRM will not have authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission charges may exist with the commissions charged to other clients.

### **AGGREGATE TRANSACTIONS**

Where possible, and when advantageous to clients, BRM may aggregate the purchase or sale of securities for various client accounts, also known as "block trading." Block trading allows BRM to execute equity trades in a more timely and equitable manner and may reduce overall commission charges to clients. In a block trade, each client receives individual advice and treatment and no client is favored over any other client. Each client that participates will do so at the average share price for all of BRM's transactions in a given security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction. BRM maintains records which separately reflect, for each client account, the securities which were purchased or sold in a block trade.

Block trades are only available for those client transactions using the same broker-dealer. BRM receives no additional compensation or remuneration of any kind as a result of the proposed aggregation. BRM employees are prohibited from participating in any block trades with client accounts.

### **ITEM 13: REVIEW OF ACCOUNTS**

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While the underlying securities in client accounts are continuously monitored, the accounts themselves are formally reviewed at least monthly by the portfolio manager in charge of the account. There is no limitation on the number of client accounts assigned to any particular portfolio manager, nor is there a precise sequence or review schedule. Portfolio reviews are conducted to determine if the current investment holdings are consistent with the client's investment objectives. All clients are urged to notify BRM promptly of any changes to their investment objectives or financial circumstances.

More frequent account reviews may be triggered by significant client deposits or withdrawals, changes in the client's circumstances, or material changes in the overall macroeconomic environment. Accounts are also reviewed in conjunction with purchasing or selling a position across all client accounts.

BRM provides written reports to all clients on a quarterly basis. Our standard reports include an analysis of all assets under management, current and historical performance, and an advisory fee statement. Account and performance reviews are available to clients at any time upon request.

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

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BRM does not receive any economic benefit, sales awards or other prizes from any outside parties for providing investment advice to our clients. BRM does currently compensate an independent third party ("Solicitor") for a one-time client referral but is not actively engaged with the Solicitor for future referrals. The Solicitor entered into a Referral Agreement with BRM which states: the Solicitor's name and relationship with BRM; the fact that the Solicitor is being paid a referral fee; the amount of the fee; and that all information in the Referral Agreement be disclosed to the client. Advisory fees paid to BRM by the client are not increased as a result of the referral.

### **ITEM 15: CUSTODY**

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All client assets are held at unaffiliated qualified custodians. Although BRM does not hold these assets, it is deemed to have custody in certain situations. The investment advisory agreement signed by all clients grants BRM the authority to debit fees directly from client accounts. For this reason, BRM is deemed to have limited custody of client funds. BRM is also deemed to have custody when a client signs a Standing Letter of Authorization ("SLOA") with their custodian giving BRM the authority to transfer funds to a third party as directed by the client in the SLOA. BRM maintains safeguards in accordance with regulatory requirements intended to protect client assets in such situations.

At least quarterly, clients receive account statements directly from the custodian that holds and maintains their investment assets. These statements reflect the client's funds and securities held with the qualified custodian, as well as any transactions that occurred in the account (including the deduction of our fee and any third-party payments from the account) and should be reviewed carefully. Clients should contact us at the number listed on the cover page of this brochure if they do not receive a statement from their qualified custodian at least quarterly.

BRM also sends quarterly reports to clients, as described above, which include invoice statements describing how their fees were calculated. We urge our clients to compare the official custodial statements with the reports we send them each quarter. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients may contact us at the number listed on the cover page of this brochure if they have any questions regarding their statements.

### **ITEM 16: INVESTMENT DISCRETION**

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Discretionary authority is granted to BRM in the investment advisory agreement signed by our clients. This allows us to determine the type and amount of securities to be purchased and sold for a client's account without requiring client approval prior to each transaction. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the client. Clients may, at any time, place reasonable restrictions on the types of investments which will be made on their behalf. Clients may also change or amend these limitations, in writing, at any time.

### **ITEM 17: VOTING CLIENT SECURITIES**

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BRM does not vote proxies on behalf of advisory clients. Upon request, BRM will answer any questions and/or provide recommendations in an effort to assist the client in determining how to vote. In such cases, any conflicts of interest between BRM and the issuer will be disclosed to the client.

Clients should receive proxy materials directly from the account custodian. Fidelity gives clients the option to have proxy ballots sent to the advisor instead, however this is discouraged and BRM will not vote the proxies on their behalf.

### **ITEM 18: FINANCIAL INFORMATION**

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Registered investment advisers are required in this item to provide you with certain financial information or disclosures about their financial condition. BRM 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: PRIVACY POLICY**

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As a trusted adviser to our clients, BRM is committed to protecting their privacy and treating their personal financial information with confidentiality and respect. Trust, privacy and confidentiality are the guiding principles upon which our relationship with our clients is built, and form the basis for our Privacy Policy, in accordance with federal and state regulations.

In the normal course of doing business, we typically obtain the following types of non-public, personal information about our clients: personal information regarding a client's identity, such as name, address and Social Security Number; financial information such as assets, income, bank and brokerage account information, account balances and tax returns; and information regarding securities transactions effected by us or with others.

We do not sell information about current or former clients to any third parties. Nor is it our practice to disclose such information to third parties, unless requested to do so by a client or client representative, as necessary in order to process a transaction or service an account, or as required by law. We may share information with outside companies that perform administrative services for us; however, these service providers are required to maintain the confidentiality of the client information we share with them.

We internally safeguard our clients' non-public, personal information by restricting access to only those employees who provide products or services to them, or those who need access to their information to service their accounts. In addition, we maintain physical, electronic and procedural safeguards that meet federal and state standards to protect our clients' non-public, personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

We value the trust our clients place in our firm and in our employees. We understand that protecting our clients' privacy is essential to maintaining that trust, and we commit that we will adhere to the above policies and practices.

BRM's clients or prospective clients may request a complete copy of our Privacy Policy by contacting Amy Flynn at (978) 526-9700 or [aflynn@bostonrm.com](mailto:aflynn@bostonrm.com).

**ANY QUESTIONS: BRM's Chief Compliance Officer, Robert S. McKenzie, remains available to address any questions regarding this Form ADV Part 2A Firm Brochure. He may be reached at (978) 526-9700 or [rmckenzie@bostonrm.com](mailto:rmckenzie@bostonrm.com).**