

Item 1 - Cover Page



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April 24, 2017

This Brochure provides information about the qualifications and business practices of Pathstone Family Office, now doing business as Pathstone Federal Street. If you have any questions about the contents of this Brochure, please contact us at (857) 350-3058 or compliance@pathstone.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pathstone Federal Street 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 that you may use to determine whether to hire or retain an Adviser.

Additional information about Pathstone Family Office also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Pathstone Federal Street is 151736.

Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure since the last annual update and provides clients with a summary of such changes. The last annual update of our Brochure was March 31, 2017.

Our current Brochure contains the following Material Change:

- Our address has changed.

Historic changes made to our Brochure on March 31, 2017:

- Item 4 has been updated to include all private fund vehicles under management or sub-advised by Pathstone Federal Street.
- Items 5 and 6: Clarification has been provided on the fee schedule and performance based fee arrangements

(Brochure Date: April 24, 2017)

(Date of Most Recent Annual Updating Amendment: March 31, 2017)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Richard Tardiff, Chief Compliance Officer at (857) 350-3058 or compliance@pathstone.com. Our Brochure is also available on our web site www.pathstone.com, also free of charge.

Additional information about Pathstone Federal Street is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Pathstone Federal Street who are registered, or are required to be registered, as investment adviser representatives of Pathstone Federal Street.

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Item 4 – Advisory Business

Pathstone Federal Street was created in 2016 when Pathstone Family Office (est. 2010) and Federal Street Advisors (est. 1991) combined. Being principally owned by Pathstone Holdings, LLC, Pathstone Federal Street is an independent, family and employee owned integrated wealth management organization providing multi-generational financial management services. Pathstone Federal Street provides comprehensive wealth management, for individuals, families, and institutions, including private foundations and family entities. Pathstone Federal Street also provides family office services, including financial planning, consulting, expense management, bill pay, concierge services, philanthropic management, tax compliance/tax return preparation to individuals, investment limited partnerships, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

The aggregate assets managed, advised and/or reported on by Pathstone Federal Street as of December 31, 2016, are \$12,010,438,561. This figure reflects the \$2,773,196,944 in discretionary and \$5,770,732,888 in nondiscretionary regulatory assets under management, totaling \$8,543,929,832, in addition to \$3,466,508,729 in supplemental client assets we advise or report on. The supplemental amount represents assets for which Pathstone Federal Street provides advisory and reporting services to clients, which may include personal property, outside investments, and other real assets (e.g., gold, silver, etc.). These supplemental assets are not calculated pursuant to GAAP accounting methods, do not include liabilities, and may be valued based on information provided by the clients and not verified by Pathstone Federal Street.

Pathstone Federal Street provides its clients with a broad range of services, as described above and in more detail below. Our services may also include tax-related and other non-investment related matters. Pathstone Federal Street advises private family clients by delivering tailored family-centric wealth management services and solutions which are customized to address each family's wealth dynamic. These tailored services are based on a comprehensive understanding of each client's unique circumstances, asset base, interests and financial goals. Pathstone Federal Street will assist clients in determining the client's investment needs and objectives, as well as risk tolerance through the use of an asset optimization model for asset allocation and research on investment managers and investments. They are complimented by customized solutions such as succession planning, M&A consultation, trust alignment, investment consolidation and planning, as well as a diverse array of tax-centric estate planning solutions. Clients are permitted to place reasonable restrictions on investing in certain securities and may also request that Pathstone Federal Street refrain from recommending affiliated private investment funds to them. In addition to the family office services to ultra-high-net worth families, Pathstone Federal Street also provides investment management services on a discretionary or non-discretionary basis to institutional investors and foundations.

Types of Advisory Services

For the majority of client portfolios, Pathstone Federal Street has discretionary authority to engage third party, unaffiliated investment advisers or other sub-advisors (herein "*Independent Managers*") to manage portions or all of the client's portfolio consistent with the desired investment strategy. Portions of clients' portfolios may be maintained as separately managed accounts managed by an Independent Manager, or client's assets could be invested in mutual funds or exchanged traded funds ("ETFs"). Pathstone Federal Street performs routine due diligence on Independent Managers, as well as utilizes the due diligence services of unaffiliated third party wealth management solutions. Factors that Pathstone Federal Street considers in recommending Independent Manager(s) typically include, among other things, the client's stated investment objective(s) and risk tolerance and the Investment Manager's management style, performance, reputation, financial strength, reporting, pricing, and research. Pathstone Federal Street will continuously monitor all Independent Managers on behalf of the client, review the performance of each Independent Manager against appropriate benchmarks, and review the investment style of the Independent manager against the client's investment parameters to ensure the Independent Manager continues to meet the client's investment goals. Pathstone Federal Street has discretionary and nondiscretionary relationships with clients to hire and fire Independent Managers. For clients seeking to build investment portfolios that align with their values, Pathstone Federal Street also identifies Independent Managers looking for companies that are making positive environmental, social and governance (ESG) impacts on the world.

For a separate account, the terms and conditions under which the client will engage an Independent Manager may be set forth in a separate written agreement between the client and the Investment Manager. In other cases, Pathstone Federal Street may have the authority to sign this agreement on behalf of the client and/or may itself be a party to the agreement. Pathstone Federal Street shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which Pathstone Federal Street shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s). As discussed further in *Item 5*, the client may incur additional fees than those charged by Pathstone Federal Street, the designated Independent Manager(s), and corresponding broker-dealer and custodian. In addition to Pathstone Federal Street's written disclosure statement, the client shall also receive the written disclosure statement of the designated Independent Manager(s).

Pathstone Federal Street provides investment advisory services to clients who choose to grant us the discretionary authority to make securities trades without their express approval for each trade ("discretion") or to clients who make their own trading decisions after receiving our investment advice, referred to as non-discretionary. Clients' assets may be invested in mutual funds, ETFs, other pooled investment vehicles, separate accounts managed by Independent Managers (as described above), and/or other permitted private and public investments. For these services, Pathstone Federal Street charges the investment management fee further described below in *Item 5*.

Whether a client relationship is discretionary or non-discretionary, our services may often include family office services, as further described below. However, clients may only retain us for our investment advisory services, with no family office service component (e.g., institutional or private foundations). Multi-generational families will typically hire Pathstone Federal Street for both investment advisory services and a broad range of family office services.

In performing its services, Pathstone Federal Street will not be required to verify any information received from the client or from the client's other professionals (*e.g.*, attorney, accountant, etc.) and is expressly authorized to rely on such information. Pathstone Federal Street may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Pathstone Federal Street recommends its own services. The client is under no obligation to act upon any of the recommendations made by Pathstone Federal Street under a family office/consulting engagement and/or engage the services of any such recommended professional, including Pathstone Federal Street itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Pathstone Federal Street's recommendations. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Pathstone Federal Street if there is ever any change in his/her/its financial situation or investment objectives so that Pathstone Federal Street may evaluate whether its previous recommendations and/or services should be modified for the future.

Pathstone Federal Street currently manages or advises numerous advisory accounts and these accounts may have or will have similar investment objectives to other accounts. For ultra-high net worth and institutional clients, it is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected as the result of several factors, including, without limitation, the following: different investment decisions made by the advisers assigned to the clients; regulatory constraints that apply to certain accounts but not to others; investment constraints imposed by the client; and the amount of cash available for investment at certain times. As a result of factors such as these, accounts may have a different investment portfolio (and, as a result, different performance results) from other accounts even though the accounts have identical or substantially similar investment objectives. Portfolio advisers are authorized to invest the assets of accounts for which they have investment responsibility in a wide range of underlying investments. In addition, there may be circumstances when one account will sell a security while another account may purchase the security on the same day.

For certain legacy clients, pre-existing securities holdings may be held in the clients' portfolio as non-managed. Non-managed assets are pre-existing investments such as a private fund, mutual fund, outside manager, ETF or other fund product in which the Firm has been asked to provide information or an opinion on, however the position was not sourced by Pathstone Federal Street. Non-managed assets are contained within the client's portfolio and/or reflected on reports as an accommodation and the Firm generally will not provide advice relative to these assets. As such, the client, and not Pathstone Federal Street, shall be exclusively responsible for these assets. These legacy positions may

not be included in the calculation of quarterly billing. If the client desires the Firm provide investment management services with respect to any non-managed assets, the client may engage the Firm to do so for a separate and additional fee.

Among the assets to which Pathstone Federal Street provides continuous and regular investment supervisory or management services are assets held by clients in their 401(k) accounts with various mutual fund companies. Because the Firm will be responsible for effecting the transactions in these accounts, it will request the client's user name and password permitting online access to the account. Pathstone Federal Street has adopted appropriate physical and procedural safeguards to control access to the user names and passwords it obtains.

Pathstone Federal Street's clients are advised to promptly notify Pathstone Federal Street if they wish to impose any reasonable restrictions upon Pathstone Federal Street's discretionary investment management services.

Pathstone Federal Street is sub-advisor to the Windermere Jupiter Fund, LLC (multiple series) and the PFS Insurance Fund. Pathstone Federal Street is adviser to the Brush Street H Fund, LLC and Brush Street H Fund II, LLC (collectively the "Brush Street Funds"). The Windermere Jupiter Fund and PFS Insurance Fund are managed by another investment adviser and overseen by an independent Board of Trustees. The PFS Insurance Fund is only available to insurance companies and not available for individual purchase by members of the general public. The Windermere Jupiter Fund, LLC is a multiple series limited liability company consisting of separate and distinct investment portfolios: the Windermere Opportunistic Fund Series (formerly Windermere Jupiter Fund) a multi-strategy fund-of-funds and the Windermere Equity Fund Series, a long biased fund of funds. Pathstone Federal Street does not receive compensation for the sub-advisory services provided to the Windermere Jupiter Fund, LLC, nor are these funds available to new investors.

The Brush Street Funds are fund-of-fund investment vehicles which seek a blend of macro analysis and bottom-up managers to preserve capital and minimize downside volatility. The Brush Street Funds are only available to members of one private family pursuant to the terms of the offering memorandum. Pathstone Federal Street receives a flat fee paid quarterly for the management of the Brush Street Funds.

Pathstone Federal Street may also provide clients periodic investment-related white papers, research reports, and articles related to asset allocation and investment policy development without a charge as a part of its consulting services.

Professional Service Providers

As a courtesy to clients, Pathstone Federal Street may introduce clients to other investment and non-investment related service providers/professionals, such as accountants, attorneys, insurance providers, other luxury service providers, etc. Pathstone Federal Street does not receive any financial or economic benefit in exchange for these referrals. The client is under no obligation to engage the services of any such introduced professional. The client retains absolute discretion over all such

implementation decisions and is free to accept or reject any introduction or recommendation from Pathstone Federal Street. Although Pathstone Federal Street may have experience with these service providers, Pathstone Federal Street has not performed due diligence on these service providers and is not responsible for the services provided by these services providers and/or professionals. Pathstone Federal Street is not responsible for any losses caused by the actions of any third party recommended by Pathstone Federal Street, including, without limitation, any accounting or legal professional services.

Item 5 – Fees and Compensation

To engage Pathstone Federal Street to provide family office and/or investment advisory services, the client will generally be required to enter into a written agreement (herein the “Agreement”). The Agreement sets forth the terms and conditions of the engagement and describes the scope of the services to be provided and the portion, if any, of the fee that is due from the client prior to Pathstone Federal Street commencing services.

The specific manner in which fees are charged by Pathstone Federal Street is established in the Agreement. Depending upon the terms of the Agreement, Pathstone Federal Street may agree to provide its services on either an hourly and/or fixed fee basis, or on the basis of the amount of assets under advisement. Generally, Pathstone Federal Street requires a retainer for its family office services (estimated hourly or fixed) payable upon entering the Agreement. Pathstone Federal Street’s family office service fees are negotiable, but the full range of services generally range from \$100,000 to \$500,000 on an annual fixed fee basis and/or from \$300 to \$800 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the services. Calculations for the initial fee/retainer may be estimates based on the projected assets under advisement.

Once engaged for discretionary or non-discretionary investment management services, Pathstone Federal Street will charge an annual fee, which may be payable in quarterly or other periodic installments, based upon a percentage of the market value of the assets under advisement by Pathstone Federal Street. Pathstone Federal Street’s annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition to the fees charged by Pathstone Federal Street, third-party Independent Managers retained to manage portions or all of a client’s portfolio charge their own asset based fee. Clients may refer to the Form ADV Part 2A disclosure document of each Independent Manager for information on the additional fees. Mutual funds and exchange traded funds also charge internal management fees, as well as expenses for custodial services, transfer agency services, legal and accounting services, and in many cases distribution and/or shareholder servicing, which are disclosed in a fund’s prospectus, but ultimately indirectly borne by the investor.

However, Pathstone Federal Street will not receive any portion of these commissions, fees, and costs. (Refer to *Item 12 "Brokerage Practices"* of this brochure).

In accordance with a particular client's Agreement, Pathstone Federal Street's asset based annual fee is generally calculated as a percentage of the fair market value of all assets in Client's account on the last trading day of each calendar quarter. For private funds in which a client invests, Pathstone Federal Street may utilize the last available value if a more recent valuation has not been provided by quarter end. The advisory fee is usually payable quarterly, either in arrears or in advance, on the last day of the prior or current calendar quarter, consistent with the terms of the advisory agreement. Clients have the option whether to be billed for fees incurred, or have the fees deducted from their assets automatically.

Pathstone Federal Street has varied legacy fee schedules and arrangements that it honors for relationships that predate this disclosure brochure. For example, Pathstone Federal Street may have pre-negotiated with clients that the Firm will not bill on the cash or legacy securities maintained in their portfolios. Additionally, Pathstone Federal Street may manage portfolio accounts of employees' family and close friends. These portfolio accounts may be waived an advisory fee or may be charged a discounted fee.

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

The annual fee shall vary depending upon the market value of the assets under advisement and the type of investment management services to be rendered, as follows:

INVESTMENT MANAGEMENT ONLY:

<u>ASSETS UNDER MANAGEMENT</u>	<u>ANNUAL FEE</u>
First \$5,000,000	0.90%
Next \$5,000,001- \$10,000,000	0.70%
Next \$10,000,001-\$25,000,000	0.55%
Next \$25,000,001-\$50,000,000	0.40%
Next \$50,000,001-\$75,000,000	0.325%
Next \$75,000,001-\$100,000,000	0.25%
Assets above \$100,000,000	0.15%

Our fee schedule is not a tiered fee schedule. As such, clients are charged a blended fee based on the assets under management. For example, a client with \$10mm in assets under management would be charged 0.90% on the first \$5mm in assets, then 0.70% on the asset from \$5mm -\$10mm.

INVESTMENT MANAGEMENT w/FAMILY OFFICE SERVICES:

Investment Management Fee Schedule with negotiated retainer, as described in the second paragraph of this Item 5.

Terminated accounts: Either party may terminate the agreement by providing at least 30 days' written notice to the other. In the event the client terminates Pathstone Federal Street's family office and/or investment advisory services, the balance of the unearned fees (if any) shall be refunded to the client in a timely manner. The advisory fee and any pre-paid retainer will be pro-rated based upon the number of days that the client's account was open during the quarter. If termination occurs within five business days of entering into an agreement for such services, the client shall be entitled to a full refund.

Institutional Client Management Fee

The following fee structure will be applicable to tax-exempt foundations, endowments and other similar institutional clients. There is a minimum fee of \$50,000 applicable to this fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$50,000,000	0.20%
Next \$50,000,000	0.17%
Next \$100,000,000	0.13%
Balances great than \$200,000,000	0.10%

Charitable Investment Advisor Program (Donor-Advised Funds)

Account portfolios managed within the Charitable Investment Advisor Program (see Item 10 for full details) will be charged 0.50% paid in arrears quarterly based on the total asset value of the accounts at the end of each quarter. Assets managed within this program will not be subject to Pathstone Federal Street's investment management fee as described above.

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

Pathstone Federal Street may enter into performance-based fees arrangements with qualified clients (fees based on a share of capital gains on or capital appreciation of the assets of a client). Performance fee arrangements with qualified clients are negotiated with clients on a case by case basis. Clients may be offered a choice between the traditional fee schedule and a performance fee arrangement. The performance fee arrangement would have a lower base fee rate and minimum fee than the traditional fee schedule. The performance fee component would provide Pathstone Federal Street an agreed upon percentage of performance that exceeds a policy benchmark mutually agreed upon.

Performance based fee arrangements may create an incentive for PFS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts

over other accounts in the allocation of investment opportunities. PFS has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Only "qualified clients" will be eligible for performance-based fee arrangements.

The performance-based fee arrangement is fully disclosed within the investment management agreement presented to the client. The client must understand the proposed method of compensation and its risks prior to entering into the investment management agreement.

Item 7 - Types of Clients

Pathstone Federal Street is an integrated wealth management and multi-family office providing portfolio management services to individuals, high net worth individuals, charitable institutions, estates, foundations, endowments, family partnerships, corporations, other business entities, and trusts.

Item 4 provides a full description of the family office services available from Pathstone Federal Street. Additionally, Pathstone Federal Street provides investment research, advisory, and/or administrative services to an affiliate, which is a separate entity.

Pathstone Federal Street provides investment supervisory services, management of investment advisory accounts, and family office services, including financial planning services. Pathstone Federal Street generally imposes a minimum portfolio value for its investment management services. As a condition for starting and maintaining a relationship, Pathstone Federal Street generally imposes a minimum portfolio size of \$2,000,000.

Pathstone Federal Street may accept clients with less than the minimum portfolio size if, in the sole judgment of Pathstone Federal Street, (1) the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's risk tolerance and (2) there are factors, as described in the next paragraph, that support waiving the minimum portfolio size requirement. Pathstone Federal Street may aggregate the portfolios of family members to meet the minimum portfolio size. Additionally, certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than Pathstone Federal Street. In such instances, Pathstone Federal Street may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Pathstone Federal Street, in its sole discretion, may negotiate or waive its stated account minimum or charge a lesser management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

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

Methods of Analysis:

Pathstone Federal Street has established an Investment Committee consisting of members of senior management, trading and research analysts to review the investment strategies and products clients are invested in. Pathstone Federal Street's Investment Committee will rely on the following sources of information to assist with their due diligence of an investment product or alternative investments: commercially available investment services, financial newspapers, periodicals, inspections of corporate activities, research materials prepared by others, corporate rating services, company press releases and onsite due diligence visits. In addition, Pathstone Federal Street and its Investment Committee utilize various internal and external resources in performing their analyses that may include, in some cases, the analytical services provided by third-party institutional consultants, particularly with respect to the Independent Managers and alternative investments.

Depending upon the client's financial needs, strategies implemented might include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies, structured products, and other securities or derivatives transactions.

We may incorporate elements of modern portfolio theory in our process of asset allocation and manager selection. For each client, we determine a rate of return objective and an appropriate risk tolerance, viewed in terms of both standard deviation and drawdown. We then determine an asset allocation, and funds or managers within each asset class, that we believe should produce the desired return without exceeding the client's risk tolerance over the long-term, which we consider to be a period of at least fifteen years. For shorter periods, clients should understand that it is not unexpected for the desired rate of return not to be achieved and/or for the historical maximum standard deviation and drawdown to be exceeded. Even for longer periods, there is no assurance that the client's objectives regarding investment returns and potential maximum losses can be achieved, since positive returns cannot be guaranteed as investing in securities necessarily involves a risk of loss that clients must be prepared to bear.

Though Pathstone Federal Street offers advice on the various types of investments described herein, Pathstone Federal Street intends to primarily allocate its client's investment management assets, on a discretionary basis among unaffiliated Independent Managers. These Independent Managers may invest in mutual funds, exchange traded funds, structured products, individual debt and equity securities, limited partnerships, private placements, commodities, and/or options or other derivatives as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client.

Risk of Loss:

Investing in any type of security involves risk of loss that clients should be prepared to bear.

Pathstone Federal Street's goal is to communicate the opportunities and risks of potential investments, and to help clients understand how risk/reward tradeoffs affect decision making. Pathstone Federal Street will supervise all aspects of asset allocation including manager and investment selection, ongoing monitoring and due diligence, consolidated reporting, along with regular review and reconsideration of investment goals.

Although all investments involve risk, Pathstone Federal Street's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, investments in conservative fixed income securities to represent the fixed income class. Risk of loss of principal is the risk that the value of securities (mutual funds, ETFs, individual stocks and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

Certain funds utilized by Pathstone Federal Street or an Independent Manager may buy, hold and sell investments in non-U.S. issuers or securities located and/or principally traded outside the United States ("Non-U.S. Investments"). Non-U.S. Investments may involve certain special risks due to economic, political, and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting, reporting, and disclosure requirements than U.S. domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid, and at times more volatile, than comparable U.S. securities and securities markets. The foregoing risks associated with Non-U.S. investments in general are even greater in emerging and frontier markets. Pathstone Federal Street will have no control over whether funds or Investment Managers invest in Non-U.S. Investments or the extent to which they make such investments.

Pathstone Federal Street may recommend that clients that are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the client's investment objectives. For those clients, Pathstone Federal Street may provide consulting services involving (i) the identification of suitable private placement securities investments based on clients' investment objectives, (ii) due diligence research of the issuer and the business and management of the issuer of the private placement securities, and (iii) structuring of investments in the private placement securities which may include forming a special purpose entity to pool investments in the private placement securities.

When Pathstone Federal Street recommends that the client invest in private placement securities, Pathstone Federal Street receives no additional compensation but continues to receive applicable investment advisory fees on the client's assets under management, including the value of the private placement securities. Pathstone Federal Street may also provide advice about exchange traded funds (ETFs) and any type of investment held in a client's portfolio at the beginning of the advisory relationship. On occasion, clients may request guidance on investments that they presently own or are considering, but are not under Pathstone Federal Street's management supervision. In the case of such legacy and/or unsupervised investments, we may not have the ability to obtain the same amount or quality of information that we are able to obtain from the managers and funds we broadly recommend, and our advice or guidance may therefore be less fully informed.

Pathstone Federal Street will not act as a client's "purchaser representative" (as defined under *Rule 501 of the Securities Act of 1933*, as amended) in connection with an investment in private placement securities. Rather, Pathstone Federal Street directs the client to consult with their tax advisor and attorney regarding the purchase of the private placement securities. If the client independently determines to invest in the private placement securities, the client shall work directly with their attorney to close the transaction. Investments in private placement securities may involve additional risks to the investor, including but not limited to risks relating to the use of leverage, the lack of liquidity and transparency, the potential for valuations determined by company personnel rather than independent third parties, the potential absence of audited financial statements, and the possible heightened risk of illegal conduct that may exist with respect to certain securities or transactions exempt from many regulatory requirements. Clients are advised to consult with their tax advisor and attorney to weigh the risk of any investment.

As discussed in Item 4, Pathstone Federal Street may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Manager(s), based upon the stated investment objectives of the client. Pathstone Federal Street will continue to render services to the client relative to the discretionary selection of Independent Manager(s) as well as the monitoring and review of account performance and client investment objectives. When selecting an Independent Manager for a client, Pathstone Federal Street will review information about the Independent Manager(s) such as its disclosure statement, relevant SEC filings, and/or other material supplied by the Independent Manager(s) or independent third parties as a due diligence of the Independent Manager's investment strategies, past performance and risk results to the extent available.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Pathstone Federal Street in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Pathstone Federal Street may fluctuate and may be higher than it would have been in the absence of margin. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, including potential adverse tax and/or investment consequences if securities must be sold to meet a

margin call, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may increase the client's total assets under management and correspondingly increase the management fee payable to Pathstone Federal Street. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

Risks Associated with Structured Notes: Depending on market conditions and individual client circumstances, we may recommend that clients invest, or we may exercise our discretionary authority to invest for clients, in structured notes. Structured notes are complex financial instruments. Structured notes may have complicated payoff structures that can make it difficult to accurately assess their value, risk and potential for growth through the terms of the structured note. Notes can be structured in a wide variety of ways. There is also credit risk, liquidity considerations and tax considerations related to an investment in a structured note. Offering documents for any structured note usually contain a list of perceived risks, but the list may be incomplete and/or may not be accompanied by any guidelines to assist the purchaser in understanding and weighing the likelihood or materiality of these risks. We will undertake a careful assessment of the suitability of any such note for each client for whom we recommend or make an investment in the note in light of that client's goals, risk tolerance, and financial circumstances.

The client may make additions to and withdrawals from the account at any time, subject to Pathstone Federal Street's right to terminate an account. Clients may withdraw account assets on notice to Pathstone Federal Street, subject to the usual and customary securities settlement procedures. However, Pathstone Federal Street designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives. In addition, assets invested in private companies or funds may be illiquid and non-transferable, and mutual funds may charge redemption fees with respect to short-term trades.

Additions may be in cash or securities provided that Pathstone Federal Street reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. Pathstone Federal Street may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Pathstone Federal Street or the integrity of Pathstone Federal Street's management. *Pathstone Federal Street has no such reportable legal or disciplinary events.*

Item 10 – Other Financial Industry Activities and Affiliations

In addition to investment advisory services, Pathstone Federal Street also provides the following services to clients. These services may be provided individually or in combination with Pathstone Federal Street advisory services provided for additional fees as agreed upon with a client:

- Record keeping and reporting;
- Income tax planning assistance;
- Financial education for family members;
- Family decision-making processes;
- Philanthropic goals (private and public foundations);
- Estate planning;
- Multigenerational wealth planning;
- Coordination of outside professionals;
- Insurance analysis;
- Trustee administration services;
- Business succession planning.

Pathstone Federal Street provides family office services, including financial planning, consulting, expense management, bill pay, concierge services, tax compliance, philanthropic management, and investment management services to individuals, investment limited partnerships, trusts, estates, charitable organizations, corporations and business entities. Each client acknowledges which services are to be performed in the Agreement with Pathstone Federal Street; consequently, certain clients engage us to provide some, but not all, of the services listed above. As well, Pathstone Federal Street provides accounting and tax services for some Pathstone Federal Street clients.

Charitable Investment Advisor Program (“CIAP”)

Pathstone Federal Street has been selected to participate in the Charitable Investment Advisor Program (“CIAP”) sponsored by Fidelity Charitable. Through this program, Pathstone Federal Street has the opportunity to provide investment advisory and management services with respect to certain Fidelity Charitable assets that have been allocated by clients to “Giving Accounts.” Clients can establish Giving Accounts to make irrevocable charitable contributions to approved charities, while benefiting from federal income tax deductions, and continuing with the investment advisory services of Pathstone Federal Street.

Trust Services

Pathstone Trust Services

Pathstone Federal Street has contracted with an unaffiliated third party, New York Private Trust Company (“NYPT”), to provide trustee services and trust administration services to clients of Pathstone Federal Street. Referred to as “Pathstone Trust Services,” (herein “PTS”), Pathstone

Federal Street clients may avail themselves to the trustee services in accordance with a separately signed agreement with PTS. Services of PTS include trust administration, including accounting, tax preparation, record keeping and reporting, foundation or estate administration, and compliance for administration of trusts and estates.

Fees for these services vary based on the trust services selected and value of the trust, and are separate and distinct from the fees paid to Pathstone Federal Street. In addition, Pathstone Federal Street has entered into a revenue sharing agreement with respect to clients who contract with Pathstone Trust Services. As such, on a case by case basis and based on existing client relationships, Pathstone Federal Street may receive a referral fee for Pathstone Federal Street clients that utilize the Pathstone Trust Services. There are conflicts of interest as a result of this revenue sharing arrangement, as Pathstone Federal Street receives compensation for referring Pathstone Federal Street clients to Pathstone Trust Services.

Saltbox II, LLC

Pathstone Federal Street is under common control with, and shares the same principal office and place of business as, Saltbox II, LLC ("Saltbox"), which is the investment adviser and general partner to the Saltbox Partners Fund, L.P. (Saltbox Fund"). Saltbox is a relying adviser to Pathstone Federal Street as further described in the ADV Part 1. We provide, for compensation, investment research, advice, and administrative support to Saltbox to assist in fulfilling its responsibilities as the general partner of Saltbox Fund. Saltbox Fund is a hedge fund of funds whose limited partners consist primarily of certain of our clients. Pathstone Federal Street does not have a direct contractual relationship with Saltbox Fund, but the fees it pays to its general partner, Saltbox, are the source of the payments Saltbox makes to us as compensation for the services we provide to Saltbox. Because we receive these fees, we have a financial interest in recommending that our clients invest in the Saltbox Fund. However, the fees that we charge to Saltbox do not include any carried interest or other profit participation and are intended only to cover our estimated costs, which are primarily personnel-related, in providing services to Saltbox under our contract with it. These relationships, including the associated costs, are described in detail in the offering materials for the Saltbox Fund, which are provided to all prospective investors in that fund. Saltbox Fund is not available to the public, and substantive information about it is generally made available only to certain clients. We do not exercise our investment discretion to invest client assets in Saltbox Fund; a client desiring to invest in Saltbox Fund must execute the appropriate subscription documents on his, her or its own behalf.

In the event that (1) Saltbox Fund intends to invest in a particular hedge fund; (2) our clients also desire to invest directly in the same hedge fund; and (3) that hedge fund is unwilling to accept subscriptions equal to the aggregate amount desired to be invested by these clients and the fund, then it is anticipated that the amounts desired to be invested referred to in clauses (1) and (2) will be proportionately reduced to equal, in total, the subscription amount the hedge fund is willing to accept. In the event that this proportionate reduction in investment amounts results in an account receiving such a small allocation that it does not satisfy the subscription minimum that a hedge fund

is willing to accept, only those accounts that meet such minimum amount will be recommended to invest in that hedge fund. In cases where the investment opportunity is so limited that a proportionate reduction in investment amounts is not feasible, the opportunity will be allocated in any manner we deem appropriate under the circumstances.

Further information concerning Saltbox can be found in our Form ADV Part 1 as filed through the SEC's Investment Adviser Public Disclosure website.

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

Pursuant to SEC rule 204A-1, Pathstone Federal Street has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients under the Investment Advisers Act of 1940, as amended. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, strict limits on personal trading intended to avoid actual or apparent conflicts with any client's interests, including the maintenance of a do-not-trade list in specific securities and, for securities not on that list, a ceiling on permitted dollar amounts and a required restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Pathstone Federal Street must comply with and acknowledge the terms of the Code of Ethics annually, or as amended.

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

Pathstone Federal Street's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Richard Tardiff, Chief Compliance Officer via email at compliance@pathstone.com.

Pathstone Federal Street may recommend that certain clients invest in private placement securities. For those clients, Pathstone Federal Street may provide consulting services involving (i) the

identification of suitable private placement securities investments based on clients' investment objectives, (ii) due diligence research of the issuer and the business and management of the issuer of the private placement securities. Pathstone Federal Street may also recommend qualified clients invest in private placement opportunities in which minority shareholders of Pathstone Federal Street may have a beneficial interest. When we recommend that a client make an investment in Saltbox Fund, we describe our sponsorship of the fund and explain our view that the conflict arising from the general partner's paying fees to us is outweighed by the benefit to the client of obtaining the investment exposures and diversification available through the fund. Pathstone Federal Street will only recommend an investment in these opportunities after the proper due diligence on the investment has been performed and Pathstone Federal Street believes it is a suitable investment for clients. Pathstone Federal Street and persons associated with Pathstone Federal Street ("Supervised Persons") are permitted to buy or sell securities, including private placements, which it also recommends to clients, consistent with Pathstone Federal Street's policies and procedures.

Pathstone Federal Street anticipates that, in appropriate circumstances, consistent with clients' investment objectives and any required disclosures, it will cause accounts over which Pathstone Federal Street has management authority to effect, and will recommend to investment advisory clients, the purchase or sale of securities in which Pathstone Federal Street and/or clients, directly or indirectly, have an ownership, management or other financial interest. Pathstone Federal Street's employees and persons associated with Pathstone Federal Street are required to follow Pathstone Federal Street's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Pathstone Federal Street may trade for their own accounts in securities which are recommended to and/or purchased for Pathstone Federal Street's clients.

In limited circumstance, certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Pathstone Federal Street's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Pathstone Federal Street will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be identified and explained on the order.

Item 12 - Brokerage Practices

Pathstone Federal Street generally recommends that clients utilize the brokerage and clearing services of Pershing Investment Manager Services ("Pershing"), Fidelity Brokerage Services, LLC ("Fidelity") or the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts. Pershing, Fidelity and Schwab are all members of SIPC and are unaffiliated registered broker dealers and FINRA member broker dealers. Although Pathstone Federal Street may recommend that clients establish accounts at these brokers, it is the client's decision where to custody their assets and to determine the custodial fee arrangement.

The brokerage commissions and/or transaction fees charged by Pershing, Fidelity and Schwab or any other designated broker-dealer are exclusive of and in addition to Pathstone Federal Street's fee. Pathstone Federal Street regularly reviews these programs to seek to ensure that its recommendation is consistent with its fiduciary duty. Factors which Pathstone Federal Street considers in recommending Pershing, Fidelity or Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by Pershing, Fidelity or Schwab may be higher or lower than those charged by other broker-dealers. As further described in Item 14 (Client Referrals and Other Compensation), Pathstone Federal Street will pay Schwab for referrals as part of the Schwab Advisor Network. While the Firm may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab.

The commissions paid by Pathstone Federal Street's clients are intended to be consistent with the Pathstone Federal Street's duty to obtain "best execution." However, a client may pay a commission that is higher than what another qualified broker-dealer might charge to effect the same transaction when Pathstone Federal Street determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' services, including among others, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Pathstone Federal Street will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions for each client generally will be effected independently. If the client requests Pathstone Federal Street to arrange for the execution of securities brokerage transactions for the client's account, Pathstone Federal Street will direct such transactions through broker-dealers that Pathstone Federal Street reasonably believes will provide best execution. In limited circumstances, transactions may be cleared through other broker-dealers with whom Pathstone Federal Street has entered into agreements for prime brokerage clearing services. Pathstone Federal Street will periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Certain clients have directed Pathstone Federal Street in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Pathstone Federal Street will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by Pathstone Federal Street. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Pathstone Federal Street may decline a

client's request to direct brokerage if, in Pathstone Federal Street's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Pathstone Federal Street receives from Pershing, Fidelity and Schwab, without cost to Pathstone Federal Street, computer software and related systems support, which allow Pathstone Federal Street to better monitor client accounts maintained at that broker-dealer. Pathstone Federal Street may receive the software and related support without cost because Pathstone Federal Street renders investment management services to clients that maintain assets at that financial institution. The software and related systems support may benefit Pathstone Federal Street, but not its clients directly. Schwab, Fidelity, and Pershing may also provide other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications, and other services. Schwab, Fidelity and Pershing may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third party providing these services to Pathstone Federal Street. Schwab, Fidelity and Pershing may also provide other benefits such as educational events or the occasional business entertainment of our personnel, subject to limitations set forth in our code of ethics. In addition to the foregoing, from time to time Pathstone Federal Street may have access to business development opportunities sponsored by the above mentioned custodians. Such opportunities include interviews, webcast discussions and spotlights on Pathstone Federal Street's practices and services. These opportunities are not tied to the amount of brokerage commissions generated through, or the amount of assets custodied with, the broker-dealer/custodian.

In fulfilling its duties to its clients, Pathstone Federal Street endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Pathstone Federal Street's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Pathstone Federal Street's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

In addition, Pershing, Fidelity and Schwab provide Pathstone Federal Street with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, Pathstone Federal Street may receive the following benefits from the above stated brokers: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Additionally, brokers may provide client referrals to Pathstone Federal Street for certain family office clients. These referrals do not result in any financial compensation; however

Pathstone Federal Street may use the brokerage and custodian services of that broker to service these clients.

It is Pathstone Federal Street's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. Pathstone Federal Street will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Pathstone Federal Street is not dually registered and does not have any affiliated broker-dealer entities.

It is possible that a trade error, such as trading the wrong security or the wrong number of shares, may occur. Our policy is that in the case of a trade error by our personnel, clients will be "made whole," that is, will not bear a loss as a result of the error. Pathstone Federal Street does not maintain any client trade error gains, however clients should be aware that certain brokerage firms' policy require any trade error gain to be maintained to net against losses or donated to a charity.

In limited circumstances, and upon client request, Pathstone Federal Street will utilize the custody, banking and brokerage services of State Street Investors Bank & Trust ("State Street") or BNY Mellon. State Street or BNY Mellon will be used when a client desires a bank custodian rather than a Broker-Dealer. Clients may also select other bank custodians at their discretion.

In certain situations, Pathstone Federal Street may select or recommend to clients investments in certain private funds that invest in illiquid assets, including interests in other private funds (e.g., fund of funds). As a result, to the extent that the Firm's clients collectively own a material interest in such private funds, a determination by Pathstone Federal Street for clients to simultaneously liquidate their holdings in one or more of these private funds may cause the private funds' managers to be forced to liquidate underlying positions quickly and therefore reduce the opportunity to realize maximum value for certain illiquid positions held by the fund. Similarly, in order to protect their funds from perceived inopportune liquidations, the private fund managers may impose restrictions on redemptions, otherwise known as "gating" the private fund.

Consistent with a client's investment objectives, a portion of clients' assets may be invested in the Access Overlay™ Account Program sponsored by Fortigent, LLC (herein "Fortigent"). As with other retained Independent Managers, the client will pay Fortigent fees separate and in addition to the fees paid to Pathstone Federal Street, as described further in Item 5. As a result of client's participation in this program, Pathstone Federal Street benefits overall from reduced fees on reporting services provided by Fortigent. However, Pathstone Federal Street does not view this as a conflict of interest

as clients will generally benefit as a result of lower fees for the Access Overlay Program than had they invested in the Independent Managers directly.

Certain clients set up margin accounts in connection with their managed brokerage accounts. After a discussion with a client, Pathstone Federal Street may utilize margin on the account either for short term transactions or as leverage, based on the clients' individual risk profile.

Item 13 – Review of Accounts

Reviews

For those clients to whom Pathstone Federal Street provides investment management services, Pathstone Federal Street performs periodic account reviews which may be in conjunction with the preparation of client's quarterly reports. This informal review may include assessing client goals and objectives, monitoring the portfolios and addressing the need to rebalance. Individual securities held in client accounts will be periodically monitored by Pathstone Federal Street, while the firm will monitor any selected third-party managers on a quarterly basis. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, market conditions, or the political or economic environment.

For those clients to whom Pathstone Federal Street provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by either an investment adviser representatives or a client service director. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Pathstone Federal Street and to keep Pathstone Federal Street informed of any changes thereto. Pathstone Federal Street expects to contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Additional reviews that Pathstone Federal Street may periodically perform on behalf of family office clients include tax-planning, cash-flow needs, as well as charitable giving, insurance, and estate planning. Financial plans are not necessary reviewed periodically for clients for whom we prepare such plans; however, we attempt to meet at least annually with those clients and offer the opportunity to review all financial issues a client may wish to discuss at these meetings or more frequently upon client request.

All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Pathstone Federal Street and to keep Pathstone Federal Street informed of any changes thereto. Pathstone Federal Street shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Pathstone Federal Street provides investment advisory services will also receive a written report from Pathstone Federal Street that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

Those clients to whom Pathstone Federal Street provides financial planning and/or consulting services will receive reports from Pathstone Federal Street summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Pathstone Federal Street.

Item 14 – Client Referrals and Other Compensation

Client Referrals: Pathstone Federal Street may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company), including employees of Pathstone Federal Street, for client referrals. Pathstone Federal Street is aware of the special considerations promulgated under the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by Pathstone Federal Street and all applicable Federal and/or State laws will be observed. Clients should understand that third party solicitors have an economic incentive to recommend the advisory services of Pathstone Federal Street.

Pathstone Federal Street participates in the Schwab Advisor Network in which it receives client referrals from Schwab. The program is designed to help investors find an independent investment adviser. Schwab is a registered broker-dealer not affiliated with Pathstone Federal Street. Schwab does not supervise Pathstone Federal Street and has no responsibility for the Firm's management of clients' portfolios or the Firm's advice. Pathstone Federal Street pays Schwab fees to receive client referrals. Pathstone Federal Street's participation in this program may raise potential conflicts of interest described herein.

Pathstone Federal Street pays Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are maintained at, or transferred to, another custodian. The participation fee paid by the Firm is a percentage of the fees the client owes to Pathstone Federal Street or a percentage of the value of the assets in the client's account, subject to a minimum participation fee. Pathstone Federal Street pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is billed to the Firm quarterly and may be increased, decreased or waived by Schwab from time to time. The participation fee is paid by Pathstone Federal Street and not by the client. The Firm has agreed not to charge clients referred through the program fees or costs greater

than the fees or costs Pathstone Federal Street charges clients with similar portfolios who were not referred through the program.

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

Pathstone Federal Street has also entered into an agreement with City National Bank, under which employees of City National Bank may refer potential clients to Pathstone Federal Street for investment management or other advisory services. In return for such referrals, Pathstone Federal Street will pay City National Bank a fee.

Other Compensation: Pathstone Federal Street has negotiated various strategic partnerships with non-financial business entities to provide additional family office concierge services to its clients. On occasion, employees of Pathstone Federal Street may participate or utilize these services at the comparable fee level as Pathstone Federal Street's clients.

In addition, as further discussed in Item 10 above, Pathstone Federal Street has entered into a revenue sharing agreement with respect to clients who contract with Pathstone Trust Services. As such, on a case by case basis, and based on the existing client relationships, Pathstone Federal Street may receive a referral fee for Pathstone Federal Street clients that utilize the Pathstone Trust Services.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. *Pathstone Federal Street urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you.* Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Pathstone Federal Street's Agreement and/or the separate agreement with a Financial Institution(s) may authorize Pathstone Federal Street through the Financial Institution(s) to debit the client's account for the amount of Pathstone Federal Street's fee and to directly remit that management fee to Pathstone Federal Street in accordance with applicable custody rules. The Financial Institution(s) recommended by Pathstone Federal Street have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account, including the amount of management fees paid directly to Pathstone Federal Street.

Item 16 – Investment Discretion

Pathstone Federal Street may provide either discretionary or non-discretionary investment advisory services to clients. For non-discretionary services, the clients retain the authority over their portfolios, however, may permit Pathstone Federal Street to execute trades within their accounts upon specific approvals of recommendations.

For “discretionary” Investment Management clients, Pathstone Federal Street requests that it be provided with written authority to determine the securities and the amount of securities that are bought and sold and the authority to determine which money managers to select and the ability to change those investment managers. Though Pathstone Federal Street may have discretion over clients’ portfolios, any investment in a privately-offered fund will require the clients’ signature on any necessary fund subscription documents. Investment guidelines and restrictions should be provided to Pathstone Federal Street in writing prior to any initial investments. Pathstone Federal Street may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Manager(s), based upon the stated investment objectives of the client. Pathstone Federal Street shall continue to render services to the client relative to the discretionary selection of Independent Manager(s) as well as the monitoring and review of account performance and client investment objectives. When selecting securities and money managers, Pathstone Federal Street observes the investment policies, limitations and restrictions of the clients for which it advises.

Item 17 – Voting Client Securities

Proxy Voting: As a matter of firm policy and practice, Pathstone Federal Street does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Pathstone Federal Street may provide advice to clients regarding the clients’ voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Pathstone Federal Street will work with third-party service providers to assist clients in legal proceedings involving companies whose securities are held or previously were held in the client’s accounts, including, but not limited to, the filing of “Proof of Claim” in class action settlements. Pathstone Federal Street’s role will be in the facilitation of information necessary to perform filings.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Pathstone Federal Street 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.