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**FORM ADV Part 2A**  
**Disclosure Brochure**

**March 20, 2025**

This brochure provides information about the qualifications and business practices of Anchor Capital Advisors LLC (“Anchor Capital” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 617-338-3800 or [info@anchorcapital.com](mailto:info@anchorcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Anchor Capital is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: Material Changes**

There have been no material changes since our last amendment on October 17<sup>th</sup>, 2024.

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#### **Item 4: Advisory Business**

Anchor Capital was established in 1983 to provide investment management services. Approximately eighty percent (80%) of Anchor Capital was owned by Anchor Capital Holdings LLC, which is a wholly-owned subsidiary of publicly-held Boston Private Financial Holdings, Inc. (ticker: BPFH) (“BPFH”). The remaining approximately 20% of Anchor Capital was owned by the Anchor Capital Non-Managing Members LLC, which is wholly-owned by professionals of Anchor Capital. In April 2018, Anchor completed a buy-out from Boston Private Financial Holdings, (“BPFH”) to assume majority ownership and management control of the firm. Anchor professionals own 70% of the firm and Lincoln Peak Capital, a private investment firm holds 30%. BPFH has an interest that terminates once it has received distributions of an agreed-upon amount from Anchor’s gross revenues.

Anchor Capital provides investment management services through three principal divisions: the Institutional Division, (“Institutional”), the Managed Accounts Division, (“MA”), and the Private Client Division, (“PC”).

##### **Institutional Division**

The Institutional Division manages investment advisory accounts on a discretionary basis. Clients retain Anchor Capital to formulate an investment program within a selected investment strategy which is deemed prudent and appropriate to the nature of the account and Anchor Capital's understanding of the client's investment objectives and risk tolerance. The primary investment strategies offered are Mid Cap Value, Small Cap Value, All Cap Value, Balanced Value, Value Opportunities and Dividend Income Value.

The Institutional Division provides investment management with respect to the following types of securities: exchange-listed securities, over-the-counter securities, corporate debt securities, warrants, commercial paper, bank certificates of deposit, municipal securities, U.S. government securities, foreign issuers, ETFs, options, and mutual funds.

Anchor Capital will tailor its investment advisory services on the basis of clients' needs and objectives and will accept restrictions on investing in certain securities or types of securities. The investment management process includes analysis of each client's objectives, requirements, risk tolerance and portfolio holdings.

##### **Managed Accounts Division**

The Managed Accounts Division participates in Separate Managed Account programs, (SMA or Wrap) acting as a sub-adviser to a number of sponsor firms. The sponsor firms include brokerage firms, public accounting firms, the brokerage divisions of banks and other organizations. Through the SMA programs, clients of the sponsor firms are referred to Anchor Capital for discretionary investment management services.

The MA Division discretionary investment management process utilizes a set of model investment portfolios for each strategy that is offered to clients of sponsor firms. The MA Division model portfolio strategies will invest in the following types of securities: exchange-listed securities, over-the-counter securities, corporate debt securities, municipal securities, U.S. government securities, foreign issuers, ETFs, mutual funds.

The MA Division will accept only limited restrictions on investing in certain securities or types of securities. The MA Division does not provide investment advice on any other basis than those described above.

When acting as investment sub-adviser to Unified Managed Accounts (UMA) Programs, the MA Division becomes involved after the client executes a contract with the UMA Program sponsor. The sponsor then recommends or directs which sub-advisers will be used in the client's investment program. When chosen, Anchor Capital provides the sponsor with a model portfolio for each strategy that has been selected by the UMA program sponsor. An updated model portfolio is provided to the sponsor whenever a change is made in the model portfolio. Anchor Capital does not enter trades, receive trade reports, perform or have access to recordkeeping, performance data or reporting or any client reporting. Anchor Capital does not generally interface with the sponsors' clients. For wrap account arrangements, Anchor Capital is compensated by receiving a portion of the wrap fee that is paid to the sponsor.

Anchor Capital has contracts with the following SMA and UMA sponsors:

|   |                                    |
|---|------------------------------------|
| • Adhesion Wealth Advisor Solutions     | • Morgan Stanley Wealth Management |
| • Ameriprise Financial Services, Inc.   | • Natixis Global Asset Management  |
| • Amplify Investments LLC               | • Raymond James                    |
| • Charles Schwab                        | • RBC Capital Markets Corp.        |
| • CITI                                  | • SmartX                           |
| • Edward D. Jones & Co.                 | • Stifel, Nicolaus & Company, Inc. |
| • Investnet                             | • TDA Ameritrade                   |
| • Fidelity Managed Account Xchange-FMAX | • UBS Financial Services           |
| • Folio Dynamix .                       | • Vestmark                         |
| • Janney Montgomery Scott LLC           | • Wells Fargo Advisors             |
| • Lockwood Advisors, Inc                | • Wells Fargo Private Bank         |
| • LPL Financial Corp.                   |                                    |
| • Merrill Lynch                         |                                    |

#### Private Client Division

The Private Client Division provides financial advice and makes investments based on the individual needs of the client. When goals and objectives based on a client's particular circumstances are established the PC division utilizes an asset allocation model and manages the client's portfolio based on that model. PC clients will generally fall into two categories.

### Wealth Advisory Accounts

For each Wealth Advisory client, a portfolio is created generally consisting of one or more of the following: non-affiliated mutual funds, affiliated and/or non-affiliated separate accounts, exchange traded funds, limited partnerships and structured notes or a combination of the aforementioned. The goal is to construct a diversified multi-asset portfolio that matches the clients risk level and time horizon.

### Investment Advisory Accounts

For each Investment Advisory client, an account is created consisting of one (or more) individually managed Anchor Capital strategy. The goal is to provide clients with specific value-oriented asset class exposure, usually complimented by other asset classes managed outside of Anchor's purview.

### Financial Planning

The Advisor also offers comprehensive financial planning services to clients who may benefit from such services. These services include comprehensive financial planning, fact-finding, goal setting, cash flow and expense budgeting, income sustainability, wealth distribution and plan implementation services.

### Assets Under Management

As of December 31, 2024, Anchor Capital had approximately \$2.4 billion of client assets on a discretionary basis. Anchor also provides investment advisory services for UMA clients with \$5 billion on a non-discretionary basis; these assets are not part of Anchor's regulatory assets under management.

## **Item 5: Fees and Compensation**

**Investment Management Fees:** Anchor Capital charges a fee for its investment management services based on a client's assets under management. Anchor Capital's fee schedule is as follows.

### Institutional Division - \$5 million minimum

All Cap Value, Dividend Income Value:

0.60% on first \$25 million

0.50% above \$25 million

Balanced Value:

0.60% on first \$25 million

0.50% above \$25 million

Mid Cap Value, Value Opportunities:

0.75% on first \$25 million

0.65% above \$25 million

Small Cap Value:

0.90% flat

## Private Client Division

|       |                                     |
|-------|-------------------------------------|
| 1.00% | on the first \$3 million            |
| 0.75% | on the next \$2 million             |
| 0.65% | on the next \$5 million             |
| 0.50% | on additional assets > \$10 million |

The Private Client fee schedule stated above is inclusive of all wealth management advice, including financial planning and implementation of Anchor Capital strategies for clients with assets of \$20,000,000 or more managed by Anchor Capital. Please see information below regarding fees for clients with less than \$20,000,000 under management. Under certain circumstances, to achieve further diversification and/or additional investment opportunities, Anchor Capital may recommend other non-affiliated investment strategies in the form of mutual funds, ETFs, separate accounts or private placements which charge an imbedded fee separate from the fee schedule stated above. The PC Division recommends both “no-load” and “load” mutual funds but keeps no commissions, service fees or Rule 12b-1 fees.

**Financial Planning Fees:** Fees for Financial Planning Services for clients with assets under management of less than \$20,000,000 will be commensurate with the scope of the engagement. Fees will be negotiated annually and paid quarterly in advance.

### Managed Accounts Division

Under the SMA and UMA programs, the client pays the sponsor a percentage of assets fee (“wrap fee”) and the sponsor, in turn, pays Anchor Capital a portion of that fee. In most cases, Anchor Capital does not know the fee the client is paying to the sponsor. The fees paid to Anchor Capital by the sponsor are based on a percentage of each sponsor’s SMA assets under management or UMA assets under advisement with Anchor Capital. The contractual fee rates vary from sponsor to sponsor. Fees are paid either quarterly or monthly and either in advance or in arrears.

### Fees in General

The majority of accounts are billed in advance for the coming quarter based on the prior quarter-end market value; some accounts are billed in arrears as determined by the Investment Management Agreement. Many clients have authorized Anchor Capital to deduct management fees from their custodial account. Clients participating in wrap programs typically pay the sponsor an all-inclusive fee, a portion of which is paid to Anchor Capital as compensation for the investment advisory services rendered to the client. Detailed information on the sponsor’s fees may be found in the sponsor’s fee brochure.

Under certain circumstances fees in the Institutional and Private Client divisions may be negotiable. Charitable accounts may be granted the courtesy of a 10% discount. Multiple accounts from the same client or organization, or accounts of related persons may have flat fees and/or have the option of being billed on an aggregate basis.

In the event of a termination before the end of the billing period, the unearned fees are refunded on a pro-rata basis for those accounts that pay in advance. Notification of termination is generally accepted in writing or by electronic media.

Anchor Capital pays solicitor or referral fees. Please see Item 14 for more information. Clients may purchase other Anchor Capital investment products through brokers or agents that are not affiliated with Anchor Capital.

No portion of Anchor Capital's revenue is derived from commissions and the firm does not charge commissions or mark-ups.

Clients are responsible for any custodian fees and/or applicable brokerage commissions. Please see Item 12 for more information on Anchor Capital's brokerage practices.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

Anchor Capital does not accept or charge performance-based fees.

### **Item 7: Types of Clients**

Anchor Capital offers investment advisory services to pension and profit-sharing accounts (corporate, joint trustee and professional corporations), charitable accounts including religious, non-profit foundations and educational institutions, corporations (taxable), banks/thrift institutions, individuals, high-net-worth individuals, trusts and estates, and registered investment companies. Each client division has guidelines around the appropriate minimum account size.

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

#### **Methods of Analysis**

##### **Institutional and Managed Account Divisions**

Anchor Capital's Investment Committee utilizes a combination of internal and external sources to analyze securities. The principal methods of analysis are as follows:

*Screening:* Initially a broad universe is screened using different multi-factor valuation criteria: low valuation, high dividend yield, dividend growth, private market value and numerous other metrics.

*Fundamental analysis:* Fundamental analysis is the key component of our investment process and includes reviewing numerous information sources to determine which securities represent real value in the economic and investment environment that is evolving. Our analysts interview corporate management, competitors, customers, and independent research sources.

##### **Private Client Division Wealth Advisory**



*Apply capital market forecasts:* Anchor Capital utilizes research on the expected behavior of securities, markets and currencies, and integrates these with capital markets insights to develop a diversified global portfolio.

*Quantitative tools and fundamental research:* These tools are employed to select active and/or passive investment approaches within each distinctive asset class. This strategic asset allocation is designed to have a high probability of delivering the client's required rate of return, with a level and mix of risks they can commit to over the market's fluctuation.

### Investment Advisory

Investment Advisory clients utilize one of Anchor Capital's stated investment strategies which employ the methods of analysis described in the Institutional and Managed Accounts section.

### Investment Strategies

#### Institutional and Managed Account Divisions

Anchor Capital typically pursues a long-term investment strategy. Anchor Capital strives for the portfolios to have a higher yield, a lower price to earnings ratio and higher growth than comparable indices. Our principal emphasis is to invest our clients' funds to achieve long-term capital appreciation with a focus on preservation of capital.

Anchor Capital primarily employs the following specific investment strategies: All Cap Value, Balanced Value, Dividend Income Value, Mid Cap Value, Small Cap Value, and Value Opportunities to manage client assets. Each strategy generally differs according to the market capitalization or type of security held.

*All Cap Value:* Targets stocks with market caps greater than \$2 billion. Portfolios generally hold 40-65 individual securities.

*Balanced Value:* Targets stocks with market caps greater than \$2 billion and investment grade fixed income instruments. Portfolios generally hold 40-65 individual securities.

*Dividend Income Value:* Targets dividend paying stocks with market caps greater than \$2 billion. Portfolios generally hold 40-60 individual securities.

*Fixed Income (within Balanced Value):* Targets investment grade fixed income with the objective of producing current income and preserving capital.

*Mid Cap Value:* Utilizes a dynamic market capitalization range to capture all the constituents of its primary benchmark. Portfolios generally hold 45-65 individual securities.

*Small Cap Value:* Targets stocks with market caps greater than \$200 million up to \$6 billion. Portfolios generally hold 40-65 individual securities and are broadly diversified across major sectors.

*Value Opportunities:* Active value-oriented equity portfolio that invests primarily in domestic companies across all market capitalizations that are greater than \$500 million market capitalization at time of purchase.

#### Private Client Division

##### Wealth Advisory

Wealth Advisory clients have diversified global portfolio based on their specific objectives.

##### Investment Advisory

Investment Advisory clients utilize one or more of the stated Anchor Capital strategies.

#### Material Risks

The risks described below are certain of the more significant risks associated with the investment strategies. The description of risks below does not purport to be a complete description of the risks associated with Anchor Capital's investments.

*General:* All investments involve a risk of losing money (including the entire loss of principal) that our clients should be willing to bear.

*Analyses:* Each method of analysis requires subjective assessments and decision-making by experienced investment professionals. It is possible that in making such assessments and decisions, an error in judgment may be made.

*Investment Style:* When the stock market strongly favors a particular strategy (such as value versus growth investing or Small Cap versus Mid or Large Cap), Anchor Capital's other strategies could underperform.

*International Investing:* Global Investments expose the investor to currency risk and political, social and economic risks of the countries in which the securities are domiciled, in addition to risk assumed by any investment.

*Sub-Advisors:* While Anchor Capital's strategies do not engage in frequent trading, active short selling or option writing, (except as noted), the non-proprietary investment managers and funds that the Private Client Division recommends may employ such strategies.

*Equity Securities:* Equity investments are volatile and will increase or decrease in value based upon issuer, economic, market and other factors. Small capitalization stocks generally involve higher risks in some respects than do investments in stocks of larger companies and may be more volatile. The securities of non-U.S. issuers also involve a high degree of risk because of, among other factors, the lack of public information with respect to such issuers, less governmental regulation of stock exchanges and issuers of securities traded on such exchanges and the absence of uniform accounting, auditing and financial reporting standards. The non-U.S. domicile of such issuers and currency fluctuations may also be factors in the assessment of financial risk to the investor. Foreign securities markets are often less liquid than U.S. securities markets, which may make the disposition of non-

U.S. securities more difficult. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile.

*Mutual Funds and Exchange-Traded Funds:* These are collective investment vehicles that invest in stocks, bonds or other securities or a combination thereof. These funds provide diversification but certain funds such as those that use leverage or have a more concentrated focus have increased risk. Investors in these funds pay a management fee which reduces returns. While some mutual funds are “no load” funds, other “load” funds charge an additional fee to buy or sell the fund which further reduces returns. Exchange-traded funds differ from traditional mutual funds in that shares can be bought or sold throughout the trading day like shares of other public companies.

*Fixed Income Securities:* These investments are subject to credit, liquidity, prepayment, and interest rate risks, any of which may adversely impact the price of the security and result in a loss.

*REITs:* REITs have specific risks, including valuation due to cash flows, dividends paid in stock rather than cash, and debt payment resulting in dilution of shares.

*Private Placements:* Details on specific risks related to the are described in their respective governing documents. Following are examples of general risks associated.

*Liquidity:* The redemption or withdrawal provisions regarding the Underlying Private Funds vary from fund to fund. Therefore, clients may not be able to withdraw their investment in an Underlying Private Funds promptly after it has made a decision to do so. The client must adhere to the liquidity terms set forth by the Underlying Private Funds. Some Underlying Private Funds may impose early redemption fees. This may adversely affect the client’s investment return or increase the client’s expenses and limit the client’s ability to make offers to repurchase units. Underlying Private Funds may be permitted to redeem their interests’ in-kind (distributing securities instead of cash). Thus, upon the client’s withdrawal of an interest in an Underlying Private Fund, it may receive securities that are illiquid or difficult to value. Limitations on the client’s ability to withdraw its assets from Underlying Private Funds may, as a result, limit each fund’s ability to repurchase units from investors.

*Valuation:* The valuation of the client’s investments in Underlying Private Funds is ordinarily determined based on valuations calculated by the Company as per information provided by the Underlying Private Funds and their auditors. Although the Company reviews the valuation procedures used by the Underlying Private Funds, the Company may not be able to confirm or review the accuracy of such valuations. Anchor may face a conflict of interest in valuing Underlying Private Funds, since the Underlying Private Funds’ values will affect Anchor’s compensation. In order to mitigate this potential conflict, Anchor relies on the valuations provided by the Underlying Private Funds.

*Control:* Anchor Capital does not and will not control the Underlying Private Funds. Anchor will monitor the Underlying Private Funds to detect any deviations from their

stated investment mandate, but there is no guarantee that these funds will not deviate unexpectedly.

**General Economic and Market Conditions:** Is the risk that Anchor's activities will be affected by general economic and market conditions, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations), and more recently in 2020, a pandemic (i.e. coronavirus). These factors may affect the level and volatility of the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses.

**Business Continuity and Cybersecurity Risk:** We have adopted a business continuation strategy to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located. In addition, our asset management activities may be adversely impacted if certain service providers to Anchor or our clients fail to perform. In addition, with the increased use of technologies such as the Internet to conduct business, your portfolio could be susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, and violations of applicable privacy and other laws.

#### **Item 9: Disciplinary Information**

An employee who provides investment-related services inadvertently neglected to report a change of primary residence which resulted in the party not being appropriately registered with the state office of financial regulation. The matter was resolved, and the party is currently registered.

Detailed information may be found at  
<https://adviserinfo.sec.gov/individual/summary/2114122> or  
<https://adviserinfo.sec.gov/firm/summary/105540>

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

No Anchor Capital management persons are registered or have an application pending to register as a broker-dealer or as a registered representative of a broker-dealer.

No Anchor Capital management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trader advisor or an associated person of the foregoing entities.

Lincoln Peak Capital is a passive minority stakeholder of Anchor Capital. Lincoln Peak is a private investment firm focused exclusively on investing in asset management firms.

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

Anchor Capital has a code of ethics which provides company employees detailed guidelines governing their conduct including, but not limited to, the conduct of business with company clients, knowledge and enforcement of company privacy policies, conflicts of interest, personal trading activities and possession and actions with regard to "insider information." Anchor Capital will provide a copy of its code of ethics to any client or prospective client upon request.

Employees of Anchor Capital may act as Trustee for a client account, with the permission of the CCO. Anchor Capital does not receive payment for this service. Anchor Capital does not solicit or receive any sales or management fees for this role. However, Anchor Capital will be reimbursed for "out of pocket" legal and accounting expenses. This activity does not consume substantial time or resources and makes no financial contribution to Anchor Capital. At times select clients have participated in these ventures and in all cases one or more of Anchor Capital's employees have been investors. To address the conflict of interest that an Anchor Capital employee may benefit more than the client, we disclose to the client that Anchor Capital employees participate alongside the client with no preferential treatment. Moreover, since Anchor Capital employees receive no sales or management fees, they are not incentivized to raise disproportionate funds from clients.

Employees of Anchor Capital, including its officers and advisors, may purchase securities in private offerings and subsequently sell them after the issuer commences a public offering of the securities which may in certain situations garner a significant profit to the employee. Anchor Capital may also purchase the same securities for clients after the initial public offering. However, since Anchor Capital did not purchase the securities for the client prior to the public offering, the client may not be able to achieve the same profit potential as Anchor Capital employees. To ensure that employees do not dispose of such securities during an initial public offering that Anchor Capital clients participate in, Anchor Capital employees are prohibited by Anchor Capital's Personal Trading Policy from trading in any initial public offering and from disposing of any security purchased in a private offering for six months after commencement of the public offering, unless specifically approved by Anchor Capital's Chief Compliance Officer. Purchase of securities for a client account in which an employee had invested while still private, could have the appearance of a conflict of interest. Such conflict will be disclosed directly to all applicable clients. Each such instance will also be disclosed to the CCO, who will handle each case as is appropriate.

Employees of Anchor Capital may not invest in the same securities that Anchor Capital recommends or buys or sells for clients. These securities are maintained on a Focus List in the compliance application. Any preclearance requests for these names will be automatically denied. Anchor Capital has established guidelines for employees investing in private placement transactions. Anchor Capital's personal trading pre-clearance policy should prevent conflicts such as front-running, or profiting at the expense of clients from arising, however, if a violation of the pre-clearance policy occurs then the employee may be required to reverse the trade.

## **Item 12: Brokerage Practices**

### **Research and Other Soft Dollar Benefits**

Subject to Section 28e of the Securities and Exchange Act of 1934, Anchor Capital may enter into verbal or written arrangements with specifically designated firms to compensate for products and services being provided to Anchor Capital through the use of soft dollars. Anchor Capital receives a benefit from this practice by not having to purchase these services directly. Anchor Capital will use soft dollars generated by client commissions only to obtain products and services that aid in the making of investment decisions. These products and services include brokerage and economic research, analytical data, pricing, and portfolio attribution analysis. The availability of these benefits can create an incentive for Anchor Capital to select broker-dealers based on the receipt of these products and services. Commission rates paid to these broker-dealers can be higher than those of execution-only broker-dealers.

These products and services are utilized in the management of both client accounts whose commission dollars are used to acquire research products and services, as well as client accounts whose commission dollars are not able to be used to acquire these services. Anchor's investment team sets a desired budget for each research broker at the beginning of each calendar year. The traders designate trades to those brokers in a manner that endeavors to maintain balance. The amounts allocated are reviewed by the head trader weekly.

### **Brokerage for Client Referrals**

Anchor Capital does not trade with broker-dealers in exchange for client referrals.

### **Best Execution**

Anchor Capital makes every effort to ensure that transactions on behalf of non-directed client portfolios are executed on a competitive execution basis. In selecting a broker for a specific transaction, Anchor Capital will consider the quality of the broker's execution capabilities in light of the size and difficulty of the transaction, ability to execute trades on a timely basis, ability to get a favorable price at which the securities will be traded, as well as the commission rate to be charged for executing the transaction. Anchor Capital may negotiate brokerage commission for a specific transaction at a rate which is in excess of the commission rate that another broker may have charged for executing the same transaction. Anchor Capital attempts to receive competitive rates.

### Trade Rotation

Anchor Capital Advisors utilizes an excel algorithm to determine trade rotation order between our Institutional, SMA, UMA and Model Delivery Divisions. Within that rotation a random allocation is run to determine the sponsor rotation order. Model delivery sponsors who do not communicate execution information will proceed after all other trades have been completed.

### Directed Brokerage

#### Institutional and Private Client Divisions

Many of the clients in Anchor Capital's Institutional and Private Client Divisions direct that all trading be executed by a specific broker. Generally, the client agrees upon a commission rate or fee with that broker and Anchor Capital is unable to negotiate. Commissions paid by client accounts in these arrangements may be higher than those obtainable from other brokers, and fixed income securities sold or purchased for these client accounts may not be at the same prices obtainable in a competitive bidding situation. Clients who use directed brokerage may not be able to participate in block trades, which may offer better execution.

When a security is to be traded across numerous portfolios, Anchor Capital will make an effort to aggregate the trades to attempt to achieve best execution. Clients who have elected to use a directed broker may not be able to participate in the trade aggregation.

#### Managed Accounts Division

All accounts in the Managed Accounts Division have directed brokerage agreements with the plan sponsors.

### Trade Error Policy

#### Institutional and Private Client Divisions

Anchor Capital has established procedures which provide that the resolution of all errors will be made in a timely manner and in accordance with Anchor Capital's fiduciary duties. Clients will be made whole for any errors caused by Anchor Capital resulting in a loss. Any gains will be donated to a charitable organization.

#### Managed Accounts Division

The MA division is bound by the error policies of the individual Sponsors.

### **Item 13: Review of Accounts**

#### Institutional and Private Client Divisions

Individual accounts are reviewed by the responsible portfolio manager. The review will include, but is not limited to, account performance and investment objectives. All accounts are continually monitored on a portfolio accounting system which provides comprehensive information concerning account performance and the progress of specific portfolio holdings.

In addition to a normal review, a special examination may be triggered by unusual performance, contributions or withdrawals, sell decisions triggered by price performance, or buy decisions triggered by the Investment Committee or other special client needs.

Anchor Capital's Institutional and Private Client Division clients receive quarterly portfolio appraisals generated by the portfolio accounting system. The appraisal contains a statement of holdings and net asset values. Clients may, by specific request, receive reports more frequently. Included on the quarterly statement of holdings is a disclosure recommending that clients review their quarter end Anchor Capital statement against the separate statement provided by their custodian and notify us immediately of any inaccuracies or discrepancies.

Anchor Capital will also communicate (by telephone or email) and may meet with clients as requested.

#### Managed Accounts Division

Aggregate holding reports and activity reports are provided to the portfolio manager on a weekly basis allowing the manager to review security weightings. In addition, the SMA trade team performs security audits on a bi-weekly basis. The trade desk manager reviews the holding audits for compliance and accuracy and tracks the information in a spreadsheet.

Clients of the MA Division receive reports (appraisals, trade confirmations and performance summaries) from the SMA Program Sponsors. Anchor Capital is neither the record keeper nor the reporting agent for the MA Programs.

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

Anchor Capital has entered into agreements with various independent marketing representatives (promoters), including accountants, attorneys and other financial service providers. The agreements provide for the representative to receive a fee from Anchor Capital that is based upon a portion of Anchor Capital's investment management fees for the initial introduction to Anchor Capital and the ongoing involvement in the client relationship. The fee paid to a representative varies depending on the agreement but in no instance does the fee arrangement increase the fee that the client pays.

Anchor Capital participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Anchor Capital receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. Anchor Capital is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Anchor Capital, and FPWA has no responsibility or oversight for Anchor Capital's provision of investment management or other advisory services. Under the WAS Program, FPWA acts as a solicitor for Anchor Capital, and Anchor Capital pays referral fees to FPWA for each referral received based on Anchor Capital's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral



from FPWA to Anchor Capital does not constitute a recommendation by FPWA of Anchor Capital's particular investment management services or strategies. More specifically, Anchor Capital pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Anchor Capital has agreed to pay FPWA an annual program fee to participate in the WAS Program. These referral fees are paid by Anchor Capital and not the client. To receive referrals from the WAS Program, Anchor Capital must meet certain minimum participation criteria, but Advisor has been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Anchor Capital has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor could have an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Anchor Capital as part of the WAS Program. Under an agreement with FPWA, Anchor Capital has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Anchor Capital has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when its fiduciary duties would so require, and has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, Anchor Capital has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Anchor Capital's duty to select brokers on the basis of best execution. Fidelity Wealth Advisor Solutions® (WAS) is provided by Fidelity Personal and Workplace Advisors LLC (FPWA).

These agreements contain provisions to ensure compliance with applicable provisions of the Advisers Act and specifically Rule 206(4)-1. Such agreements provide for full disclosure to the client of any fee-sharing arrangements.

### **Item 15: Custody**

The funds and securities of all Anchor Capital client accounts are held by qualified custodians. Anchor Capital is deemed to have a limited form of custody with respect to client funds and securities where: 1) Anchor Capital directly debits fees from client accounts; 2) a control person of Anchor Capital is a trustee; and 3) Anchor or an authorized individual may transfer money from a client's account to one or more third-party accounts, as designated by the client, without obtaining consent for each individual transaction, provided the client has provided written authorization known as a Standing Letter of Authorization (SLOA). When an adviser has the authority to conduct such transfers, they are considered to have custody over the client's assets in the related accounts. However, Anchor is not required to undergo a surprise annual audit

for these accounts, which is typically necessary for custody, provided that the following conditions are met:

1. The client must provide written instructions, including the name, address, or account number of the third party, signed by them, to the qualified custodian.
  2. The client must authorize Anchor in writing to direct transfers to the third party either on a specific schedule or from time to time.
  3. The qualified custodian must confirm the client's authorization, such as by reviewing the signature, and notify the client promptly after each transfer.
  4. The client can terminate or change the instruction.
  5. Anchor has no authority or ability to change the identity of the third party, the address, or any other information about the third party.
  6. Anchor maintains records demonstrating that the third party is not related to them and is not located at the same address as them.
  7. The qualified custodian sends the client an initial notice confirming the instruction and an annual notice reconfirming the instruction, both in writing.
- Anchor confirms that the above conditions are met.

In accordance with Rule 206(4)-2, Anchor Capital undergoes an annual surprise audit of the accounts for which a control person of Anchor Capital is a trustee. All clients of Anchor Capital receive account statements from a qualified third-party custodian. Anchor does not open accounts for clients, although may assist a client in doing so. Clients are urged to compare Anchor Capital quarterly account appraisals to the statements they receive from their qualified custodian, as the statements may vary based on reporting dates, accounting methods, etc. Custodian statements reflect the official books and records for the accounts managed.

#### **Item 16: Investment Discretion**

Anchor Capital accepts discretionary authority to manage securities accounts on behalf of the majority of its Institutional and Private Client clients. Typically, a client will grant Anchor Capital discretionary authority at the outset of an advisory relationship by executing an investment management agreement which includes, among other items, a statement giving Anchor Capital full authority to invest the assets identified by the client in a manner consistent with the investment objectives and limitations delineated by the client. These clients may place limitations on this authority. In order for Anchor Capital to assume discretionary authority both the client and either the CEO, or CCO of Anchor Capital must sign this agreement

#### **Item 17: Voting Client Securities**

Anchor Capital votes proxies on behalf of clients who have delegated us the authority. In accordance with SEC rule 206(4)-6 Anchor Capital has adopted and implemented written policies and procedures to govern proxy voting.

Anchor Capital will vote proxies in accordance with its proxy voting policy, which is reviewed annually. In general, the policy requires the Company to vote client proxies in a way that we believe is consistent with our fiduciary duty. Consideration will be given to

both the short and long term implications of the proposal to be voted on when considering the optimal vote.

If Anchor Capital determines there is a material conflict of interest in connection with a proxy vote, determination will be made as to whether voting in accordance with the guidelines is in the best interest of the client. Anchor Capital will also determine whether it is appropriate to disclose the conflict and decide whether further action is required.

Anchor employs proxy voting vendors to provide electronic proxy voting services which notify transfer agents and other service providers that they are authorized to transmit voting instructions and to vote proxies according to instructions.

Institutional and Private Client clients may propose Anchor Capital's vote on one or more securities by submitting detailed instructions to their portfolio manager, who will coordinate with the Proxy Voting Officer. Anchor Capital will make a best effort to comply with requests but may not be able to. The Proxy Voting Officer will keep records on all client-specific instructions.

Any client who has not delegated us the authority to vote proxies on its behalf will be responsible for voting a company's proxy directly.

Anchor Capital's proxy voting policies and procedures and a record of voting is available upon request. Please submit requests in writing to:

Proxy Voting Associate  
Anchor Capital Advisors LLC  
Two International Place  
Boston, MA 02110

#### Class Actions

Periodically Anchor Capital will receive notice of class action suit settlements and will decide on a case-by-case basis whether to participate or opt-out.

#### **Item 18: Financial Information**

Anchor Capital does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance.

Anchor Capital has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Anchor Capital has not been the subject of a bankruptcy petition at any time during the past ten years.