



## ADV Part 2 Brochure

Dated August 20, 2024

# U.S. Boston Capital Corporation

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of U.S. Boston Capital Corporation (“U.S. Boston”, “Firm” or “Advisor”). If you have questions about the contents of this Brochure, please contact us at (781)-259-0249 or by email at [Compliance@USBoston.com](mailto:Compliance@USBoston.com)

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about U.S. Boston is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although U.S. Boston is registered as an investment adviser under the Investment Advisers Act of 1940, such registration does not imply that U.S. Boston or our personnel have a certain level of skill or training.

## Item 2: Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since U.S. Boston Capital Corporation's ("U.S. Boston") last Form ADV filing, submitted on March 27, 2024, no material changes, have taken place to U.S. Boston's business.

To the extent that there are any future material changes, U.S. Boston will provide updates containing disclosure information about those changes. U.S. Boston will provide such updates to you free of charge. You can obtain free copies of U.S. Boston's Brochure by contacting Deborah Kessinger, Chief Compliance Officer at 781-676-5965 or [Compliance@USBoston.com](mailto:Compliance@USBoston.com).

Additional information about U.S. Boston is available via the SEC's website. The SEC's website <https://adviserinfo.sec.gov/> also provides information about any persons affiliated with U.S. Boston who are registered, or are required to be registered, as independent adviser representatives.

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## Item 4: Advisory Business

### Firm Description

U.S. Boston has been in business since 1969 and became a broker dealer registered with the SEC on July 1, 1970. U.S. Boston became an investment adviser registered with the SEC in March 2024.

### Principal Owners

U.S. Boston Corporation is 100% owner of the Firm. Willard L. Umphrey, the founder of the Firm, owns 94% of U.S. Boston Corporation. John McClellan heads the Investment Advisory Practice. He joined U.S. Boston in 2016 after more than 30 years in strategy consulting, private equity, and entrepreneurial and turn-around management.

### Advisory Services

U.S. Boston's mission is to help our clients achieve their life goals through thoughtful, customized investment planning and management. U.S. Boston's services generally include portfolio review, analysis, and construction; asset allocation and security selection; and account monitoring.

At the commencement of the client relationship, each client will sign an investment management agreement that defines the terms, conditions, authority and responsibilities of the Advisor and the Client with the Advisor. U.S. Boston will discuss the client's objectives, risk tolerance, and any restrictions, and establish an investment policy that reflects the client's needs and provides the Firm with sufficient discretion to properly invest the client's assets. We may modify our primary investment strategies to accommodate the particular needs and preferences of the client. The client's specific objectives, strategy, and restrictions will be set forth in the agreement.

We develop an investment strategy that is customized to each client's unique situation and objectives. At the start of a new relationship, U.S. Boston will learn about our client's life aspirations, financial circumstances, investment objectives, current and expected future liquidity requirements, and any special interests or limitations that they may wish U.S. Boston to follow. We will review and evaluate the client's current investment portfolio and historical investment strategy, and carefully consider what aspects remain appropriate, and which should be changed. In considering changes to historical investment strategies, we assess the tax ramifications of potential changes, and strive for tax efficiency in future asset allocations.

During the initial stages and on a regular basis thereafter, U.S. Boston discusses the importance of diversification and balance in portfolio design, and assesses the client's appropriate level of tradeoff between targeted portfolio return and the risks associated with achieving that target. U.S. Boston believes that the primary driver of portfolio performance – returns relative to risk – is asset allocation. Thus, our dialogues with clients are structured to inform a target asset allocation that is consistent with their investment objectives. This target allocation is monitored on an ongoing basis, and modified periodically to reflect the changing requirements of the clients, as well as changing market dynamics, relative performance of asset classes, and availability of new asset classes.

## Asset Management

After a thorough discussion of the tradeoffs of the alternative strategies, we assist in choosing a desired asset allocation for each client. Within the asset allocation classes, we believe that broad diversification of assets is critical to long-term portfolio performance and risk management. We do not believe, for our typical client, that a portfolio composed of individual stocks or bonds can provide appropriate diversification cost-effectively. Therefore, we recommend the use of a broad range of mutual funds or ETFs that each select securities from within their chosen areas of focus and expertise, e.g., U.S. or international, large cap or small cap, value strategies or growth strategies, etc. The investment vehicles we recommend are selected based on any or all of the following criteria:

- Manager style, philosophy, and consistency of track record
- Historical performance
  - Relative to appropriate benchmark
  - In down markets vs up markets (upside capture / downside protection analysis)
- Risk and volatility
- Assets under management / Manager tenure
- Management fee structure
  - No-load / Load-waived mutual funds
  - Transaction fee / Asset-based pricing

Once investment vehicles are approved by the client, we allocate the portfolio based upon the strategic asset allocation. The process is the same for the reinvestment and/or repositioning of assets within an account thereafter. Asset allocation levels are targets only, and actual asset allocations may vary considerably from the targets. Some factors that may cause divergence from targets include relative asset performance, sector-specific disruptions or opportunities, tax consequences of rebalancing, and changing client preferences.

Each client will have the opportunity to place guidelines on the types of investments to be held in their respective portfolio. If a client already holds an investment that is perceived to be in a restricted category, such a security will be sold with the client's consent and can trigger a taxable event for the client. Certain clients may be restricted from investing in certain securities or are limited in the securities available. For example, a client may be limited by the choices offered through their company's 401(k) Plan. We understand these restrictions and modify our recommendations accordingly.

## Portfolio Monitoring Services

Portfolio monitoring services are available to clients who receive portfolio management services from an unrelated third party, or who manage their own portfolios. U.S. Boston will generate a monitoring report, which will compare investment performance against appropriate industry benchmarks, if available. This service is designed as a tool to assist clients in evaluating their portfolios.

## Retirement Accounts

We are making investment recommendations to you regarding your retirement plan account or individual retirement account as fiduciaries within the meaning of Title I of the Employee Retirement

Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money or otherwise are compensated creates some conflicts with your financial interests. We operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

When deemed to be in the client's best interest, we will provide investment advice regarding: a distribution from an ERISA retirement account; a rollover of the ERISA plan to an IRA; rollovers from one ERISA sponsored Plan to another; or from one type of account to another account (e.g., commission-based account to fee-based account). Such a recommendation creates a conflict of interest due to the potential for increased advisory fees, if any increase occurs, as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

## Retirement Plan Advisory Services

U.S. Boston provides retirement plan advisory services on behalf of the retirement plans (each a "Plan") and the company (the "Plan Sponsor"). The Advisor's retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor.

Services generally include:

- Evaluation and recommendation of investment choices to be offered within the Plan (ERISA Section 3(21))
- Evaluation and recommendation of service providers for Plan operations
- Ongoing investment monitoring assistance
- Upon request (and for an additional fee), provide advice to Individual Plan participants

These services are provided by U.S. Boston, serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of U.S. Boston's fiduciary status, the specific services to be rendered, and all direct and indirect compensation the Advisor reasonably expects under the engagement.

## Wrap Fee Programs

U.S. Boston does not participate in or receive compensation from wrap fee programs in conjunction with the Investment Advisory Services described below.

## Financial Planning Services

Our financial planning services are provided on an ongoing basis for clients who establish an ongoing relationship. We can also provide, for clients who intend to manage their own ongoing portfolio decisions, a comprehensive financial plan, as a consulting service. We provide a detailed questionnaire and supporting tools to assist with this process, and we carefully review documents supplied by the client. The plan would include a detailed analysis of the client's resources, financial goals, and objectives. In general, the financial plan may address any or all the following areas:

Personal: Family records, budgeting, personal liability, debt management, and review of financial goals and objectives.

Tax & Cash Flow: Income tax and cash flow analysis and planning for current and future years. We will illustrate the impact of various cash flow strategies on a client's current income tax and future tax liability.

Retirement: Analysis of current and future resources and retirement objectives to help the client achieve their retirement goals.

Investments: Analysis of investment alternatives and their effect on a client's portfolio.

Insurance & Disability: Life and excess liability insurance coverage analysis, long term care and disability income analysis.

Estate: Planning for an orderly distribution of assets at death, minimizing taxes, income needs of surviving dependents and consideration of client objectives.

We gather the required information through in-depth personal interviews. Information gathered includes the following:

- Future goals
- Current financial status
- Current and anticipated sources of income, e.g.:
  - Employment-related compensation
  - Investment income
  - Pensions and Social Security
  - Expected inheritances
- Current and anticipated spending requirements
- Current assets
- Current and anticipated liabilities
- Any anticipated changes in financial status
- Attitudes toward risk
- Education expenses for dependents and descendants
- Charitable giving
- Second home purchases
- Gifting strategies for estate planning

We will typically present the plan to the client within 60 days of the contract date, provided that all of the information needed to prepare the plan has been promptly provided by the client. Implementation of the financial plan recommendations is entirely at the client's discretion, and the client is not obligated to implement the plan through U.S. Boston.

Should a client choose to implement the recommendations contained in the financial plan report, we recommend that the client work closely with their attorney, accountant, insurance agent, other investment advisor and/or other specialist, as appropriate for their unique situation.

A client may choose, after receipt of the plan, to enter into an ongoing advisory relationship with U.S. Boston. Following completion of the initial comprehensive financial plan, we will assist in the

implementation of the plan. We continually monitor changes to the client's financial circumstances and update the financial plan accordingly.

Strategic advisory consulting In addition to the financial planning areas listed above, we will also consult with clients regarding life decisions. These include, but are not limited to:

- Strategic advisory consulting for family businesses, e.g., evaluation of expansion plans and acquisitions, succession planning, planning and assisting in sale of business.

## Assets Under Management

As of August 20, 2024, our non-discretionary net assets under management are approximately \$131,094,724. At this time there are no discretionary assets.

## Item 5: Fees and Compensation

### Standard Fee Schedule

U.S. Boston is compensated for its advisory services through payments of fees by our clients as described below. Notwithstanding this fee schedule, and subject to applicable laws and regulations, U.S. Boston may, at its sole discretion, negotiate or modify its fees for various reasons, such as the size of the client relationship, service requirements, or other factors. U.S. Boston may agree to offer clients a fee schedule that is lower than that of any other comparable clients in the same investment style. There may be historical fee schedules with longstanding clients that differ from those applicable to new client relationships. For comparable services, other investment advisers may charge higher or lower fees than those charged by U.S. Boston. U.S. Boston reserves the right to waive all or a portion of its management fee and negotiate minimum annual fees. The fee schedule for each client is stated in the client's investment advisory agreement.



The standard fee schedule for clients with assets under management at U.S. Boston is:

### Asset Management

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$1M or portion thereof	0.75%
Next \$1M or portion thereof	0.60%
Next \$3M or portion thereof	0.55%
Next \$5M or portion thereof	0.45%
Next \$15M or portion thereof	0.40%
Next \$25M or portion thereof	0.25%
Over \$50M	0.10%

### Portfolio Monitoring

<b>Portfolio Monitoring</b>	0.05% of assets
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### Retirement Plan Advisory Services

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$1M or portion thereof	0.75%
Next \$1M or portion thereof	0.60%
Next \$3M or portion thereof	0.55%
Next \$5M or portion thereof	0.45%
Next \$15M or portion thereof	0.40%
Next \$25M or portion thereof	0.25%
Over \$50M	0.10%

Fees for advisory services are generally billed separately at the end of each calendar quarter, in arrears, and are based on the average daily balance of the account. If an account is terminated mid-quarter, the fees will be prorated to the date of termination. Upon account termination, if any unearned fees were paid in advance, they will be refunded promptly. Fees are also prorated at the inception of the investment advisory agreement to cover only the period of time the account assets were under management. Generally, the investment management agreement grants U.S. Boston authority to instruct the account's custodian to pay the fees directly to U.S. Boston from the client's account. In other instances, U.S. Boston invoices the client directly, and the client is responsible for remitting the payment.

Fees are computed as a percentage of the value of the assets under the Firm's management. To calculate advisory fees, U.S. Boston generally relies on prices provided by custodians, third-party pricing

services, and/or broker/dealers or platform sponsors for purposes of valuing portfolio securities held in client accounts. U.S. Boston may, on occasion, be required to “fair value price” a security when a market price for that security is not readily available or when U.S. Boston has reason to believe that the market price is unreliable. When “fair value pricing” a security, U.S. Boston will use various sources of information to determine the price that the security would obtain in the marketplace if, in fact, a market for the security existed. For any fair valued securities, U.S. Boston maintains policies and procedures relating to the pricing process in an effort to mitigate any conflicts of interest with respect to valuation.

The Advisor may, in its sole discretion, exclude certain assets or positions when calculating advisory fees, but has no obligation to do so. In addition, the Advisor may, in its sole discretion, exclude certain positions from the Advisor’s investment management services held within the Account (“Non-Managed Assets”). Non-Managed Assets are included in the Account as a courtesy to the client. Non-Managed Assets may be included in calculating the Management Fee at a lower rate.

In addition to our investment advisory fee, clients may also incur the following charges by the Custodian:

- Mutual fund expenses;
- Custodial/brokerage fees (transaction costs or asset-based pricing fees);
- Account maintenance fees;
- Asset movement fees (e.g., wiring fees);
- Mutual fund operating fees and expenses;
- Markups and markdowns, bid-ask spreads, selling concessions, or other transactions where custodian may act as principal;
- Custody fees for non-publicly traded securities;
- Margin interest;
- Miscellaneous fees and charges, such as transfer taxes, reorganization fees, or other fees required by law.
- IRA Custodian Fees

The above charges set forth are exemplary and not exclusive, and some charges listed may be waived; this, however, is negotiated and not guaranteed by the Custodian.

We do not receive any compensation for the sale of securities, mutual funds, or other investment products.

The above examples are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund’s prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee.

Either party may terminate the investment management agreement, at any time, by providing advance written notice to the other party. The client may also terminate the investment management agreement within five (5) business days of signing the Advisor’s agreement at no cost to the client. After the five-day period, the client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Upon termination, the Advisor will refund any unearned, prepaid wealth management fees from the effective date of termination to the

end of the month. The client's investment management agreement with the Advisor is nontransferable without the client's prior consent. That consent may be obtained under the negative consent procedures set forth in the client's investment advisory agreement with U.S. Boston.

## Financial Planning Fee

We charge an hourly fee ranging from \$150 to \$600 per hour depending on the scope and complexity of the client's circumstances. An estimate of the total hours will be provided prior to establishing the advisory relationship.

50% of fees may be invoiced in advance at the time the engagement letter is signed and the remainder once the project is completed. Alternatively, these services may be invoiced upon the completion of the project.

## Strategic Advisory Consulting Services Fees

Fees for consulting services will vary significantly based on the scope and depth of support the client seeks, and the complexity of the project. Services may be charged one of two ways:

- As a negotiated fixed fee based on the scope of the assignment. This would typically range from \$1,000 - \$50,000. Typically, the retainer for consulting services will be earned within 90 days of the contract date, provided that all information needed to perform the service has been promptly provided by the client.
- Hourly fees ranging from \$150 to 600 per hour depending on the scope and complexity of the client's circumstances, which determines which staff members work on the assignment. An estimate of the total hours will be provided prior to establishing the advisory relationship.

For consulting services, 50% of fees may be invoiced in advance at the time the engagement letter is signed and the remainder once the project is completed. Alternatively, these services may be invoiced upon the completion of the project.

## Registered Representatives

Certain Advisory Persons are also Registered Representatives of U.S. Boston. In their capacity as a registered representative, an Advisory Person will implement commission-based securities transactions and receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by an Advisory Person in their capacity as a registered representative is separate and in addition to U.S. Boston's advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to affect securities transactions for the purpose of generating commissions rather than solely based on Client needs. The Advisor mitigates this conflict in two ways. First, clients are under no obligation, contractually or otherwise, to implement securities products through the Advisor or Advisory Persons. Second, U.S. Boston will not charge an ongoing investment advisory fee on any assets implemented in the Advisory Person's separate capacity as a registered representative. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

U.S. Boston does not charge performance-based fees. The Advisor's fees are calculated as described in the Fees and Compensation section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in the Client's advisory account.

U.S. Boston does not manage any proprietary funds; however, U.S. Boston's affiliate company, Pear Tree Partners, LP, (CRD 152581) manages private investments in which clients who meet the SEC standard of "Qualified Client" may invest.

Additionally, U.S. Boston's affiliate company Pear Tree Advisors, Inc (CRD# 104576) manages a series of proprietary mutual funds, Pear Tree Funds. Advisory clients do not have to invest in these mutual funds.

As such, U.S. Boston has an incentive to recommend an investment in these private investments or in Pear Tree Funds to its clients. The Advisor seeks to mitigate these conflicts through disclosures in this Disclosure Brochure; additional disclosures in the applicable Offering Documents, as well as through the Advisor's Code of Ethics and policies and procedures contained in the Compliance Manual. U.S. Boston and its supervised persons do not earn any additional compensation for recommending that clients invest in Pear Tree Funds. If an investment is made in a Pear Tree Fund, the appropriate class of shares will be used to avoid incurring 12b-1 fees.

## Item 7: Types of Clients U.S. Boston Serves

U.S. Boston provides service to the following types of clients:

- Individuals (including high net worth individuals)
- Trusts
- Estates
- Charitable Organizations
- Pension and Profit-Sharing Plans and their participants
- Partnerships
- Corporations

### Account Minimums

U.S. Boston does not have a minimum investment requirement for its advisory services.

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

### Building a Portfolio

U.S. Boston is an asset allocator. Our intention is to understand each client's risk tolerance and design portfolios consistent with this risk objective. Return is a corollary of risk – the higher the risk, the higher the expected return. Similarly, the lower the risk, the lower the expected return. Portfolio design is structured to balance risk and reward consistent with each client's objectives.

U.S. Boston does not currently employ model portfolios but individualizes each portfolio to suit a client's needs. A portfolio may include multiple accounts with varying strategies.

Our asset allocation model includes four categories:

- Cash / Cash equivalents (e.g., money market mutual funds)
- Fixed Income
  - Bonds that are rated A or above by a rating agency
  - Inflation Protected Bonds including TIPS
- Publicly Traded Equities (Typically mutual funds or ETFs)
  - Large Cap
  - Mid/Small Cap
  - Foreign
  - Emerging Markets
  - Public REITS
  - Master Limited Partnerships
  - Options to be used as a protective hedging strategies for equity investments
- Alternative investments include:
  - Private investments
  - Early stage (venture) securities
  - Pooled investment funds
  - Other alternative strategies

In evaluating investments to address a particular aspect of clients' asset allocations, we will chart the investment performance of one investment compared to others over various time periods to determine which to select. This analysis will take account of the various technical indicators associated with each choice. The evaluation process is ongoing and continues to assess the merits of the choices available. When a superior choice which addresses an asset class is determined, the prior choice may be sold and replaced by the new, depending on tax considerations.

Once a strategic asset allocation is agreed upon with our client, investment vehicles will be selected for each asset class. Recommendations for these investments will typically be limited to mutual fund managers, ETFs, alternative investments, certificates of deposit, and various fixed income instruments. Upon receiving our client's approval, the investment will be made with the individual investment vehicles.

This process is ongoing, and the strategic asset allocation is reviewed, and manager performance is evaluated during our client meetings. Recommendations are made based on our clients' changing goals and objectives.

We may purchase individual securities for a client portfolio at their request. In these situations, the client has authorized us to purchase the security for their portfolio.

## Investment Risk

Risk of loss is present in all portfolios. Efforts to reduce risk include asset allocation, diversification through the use of exchange traded vehicles and mutual funds, and the placement of non-correlating assets in a portfolio. The inclusion of baskets of securities through exchange-traded vehicles and mutual funds generally reduces company specific risk associated with individual securities and credit risk associated with individual bonds. Nonetheless, a portfolio will be subject to systemic risk (also known as market risk) which relates to factors that affect the overall economy or securities markets. Systemic risk affects all companies, regardless of the company's financial condition, management, or capital structure, and, depending on the investment, can involve international as well as domestic factors. The major systemic risks include interest rate risk, currency risk, inflation risk, sociopolitical risk, and liquidity risk.

Investments in securities and other financial instruments and products are subject to many types of risk that may lead to the permanent loss of capital. Different investment strategies carry different levels and types of risk. All securities include a risk of loss of principal and any profits that have not been realized. The stock and bond markets fluctuate substantially over time, and the performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets the Firm manages on behalf of our clients, and such a loss may be out of our control. The Firm cannot guarantee any level of performance and cannot guarantee that clients will not experience a loss of value in their accounts. In addition, poor investment selection could cause our investment strategies to underperform other investment accounts or products managed by other firms under similar investment strategies.

Some of the specific risks to which client assets may be susceptible include:

### Equity Risk:

Equity securities are subject to certain risks. Market prices of equity securities reflect both general market conditions, as well as company specific factors. Thus, prices may rise and fall rapidly or unpredictably due to changing economic, political or market conditions or in response to events that affect particular industries or companies. Equity investments generally have greater price volatility than fixed-income investments. Because their prices tend to reflect future investor expectations, growth stocks may be more sensitive to change in current or expected earnings than other types of stocks and tend to be more volatile than the market in general. The valuations of growth stocks are also highly sensitive to interest rates, as this affects the formulae for discounting the value of expected future earnings, e.g. a stock price may fall with no change in expected company performance if interest rates increase.

### Sector Risk:

Investment strategies focused on or concentrated in a single sector may be affected by particular economic or market events and could be more volatile than a strategy with securities across industry sectors.

### Mutual Fund Risk:

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

### Concentration Risk:

Concentrated portfolios that invest in a relatively small number of securities may have more risk because changes in the value of a single security or the impact of a single economic, political, or regulatory occurrence may have a greater adverse impact on the strategy's performance.

Foreign Investment/Currency Risk:

Securities or other investments of foreign issuers involve additional risks (such as risks arising from less frequent trading, changes in political or social conditions, currency risk and less publicly available information about non-U.S. issuers) that differ from those associated with investing in securities of U.S. issuers and may result in greater price volatility.

Small- and Mid-Capitalization Company Risk:

The stocks of small- and mid-capitalization companies often have greater price volatility, lower trading volume and less liquidity than the stocks of larger, more established companies.

Large-Cap Stock Risk:

Investment strategies focusing on large-cap companies may underperform other equity investment strategies as large-cap companies may not experience sustained periods of growth in the more mature product markets in which they typically operate.

Geopolitical Risk:

Changes in the political status of any country or countries can have profound effects on the value of securities within that country or countries and world markets. In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, and imposition of exchange controls, social instability and political developments that could affect investments in those countries.

Debt or Fixed Income Securities Risk:

Debt securities are affected by changes in interest rates. When interest rates rise, the value of debt securities are likely to decrease. Conversely, when interest rates fall, the values of debt securities are like to increase. The values of debt securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

Alternative Investments/Private Investment Risks:

The Advisor recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, venture funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. In addition, these investments are generally illiquid until the fund manager decides to sell a position (i.e., investors cannot request redemptions), or have significant constraints on the magnitude and timing of redemptions. Hedge funds have few limitations on the types of securities or other financial instruments that may be traded and no requirement to diversify. They may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, they are much less regulated than investment companies. Venture and private equity funds generally hold securities in private companies, for which there is no liquid market. Therefore, the *minimum* holding period before any funds may be returned is typically three to five years. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

## Item 9: Disciplinary Information

We do not have any ongoing or past legal or disciplinary events that would compromise the integrity of our firm.

## Item 10: Other Financial Industry Activities and Affiliations

The Firm is wholly owned by U.S. Boston Corporation (“USB”). USB, the Firm, and Pear Tree Advisors, Inc. (“Pear Tree Advisors”) are under common control. Many of the officers of the Firm are also officers of Pear Tree Advisors.

### Registration as a Broker-Dealer

U.S. Boston is registered with the SEC as a broker-dealer under the Exchange Act, as a municipal securities dealer with the Municipal Securities Rulemaking Board (“MSRB”) and as an investment adviser under the Advisers Act. In our capacity as a broker-dealer, we are a member of FINRA and the Securities Investor Protection Corporation (“SIPC”). Certain financial advisors are both investment adviser representatives and registered representatives and therefore can act in both an advisory and a brokerage capacity. As a registered representative, he or she may receive additional compensation, such as commissions and/or trail fees for providing brokerage transaction related services to you through the Firm, as broker-dealer. Compensation earned by an Advisory Person in their capacity as a registered representative is separate and in addition to U.S. Boston’s advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to affect securities transactions for the purpose of generating commissions rather than solely based on client needs. The Advisor mitigates this conflict in two ways. First, clients are under no obligation, contractually or otherwise, to implement securities products through the Advisor or Advisory Persons. Second, U.S. Boston will not charge an ongoing investment advisory fee on any assets implemented in the Advisory Person’s separate capacity as a registered representative.

U.S. Boston serves as sole distributor of the Pear Tree Funds. This arrangement does not impact advisory clients, as they will not pay 12b-1 fees should they invest in Pear Tree Funds. As distributor of the Pear Tree Funds, U.S. Boston receives distribution fees from the Pear Tree Funds pursuant to Rule 12b-1 under the 1940 Act for classes of shares that charge a 12b-1 fee. The Firm pays distribution fees to non-affiliated broker-dealers who enter into selling arrangements with the Firm to offer the Pear Tree Funds to the customers of the non-affiliated broker-dealer.

U.S. Boston acts as placement agent for private placements (“Focus Funds”), offered by Pear Tree Partners, LP. Pear Tree Partners, LP, is affiliated with the Firm through common ownership. U.S. Boston is compensated by the company (“portfolio company”) seeking to raise money through the Focus Fund being offered and not the Focus Fund itself. This creates an incentive to recommend an investment in a Focus Fund based on the remuneration that will be received upon the Focus Fund completing its intended investment. The Firm addresses this conflict by limiting private placements to best efforts placements, not firm underwriting commitments. This conflict is also addressed by fully disclosing any placement fees paid by such portfolio company in the cover letter and other offering documents sent by the Firm to all potential Focus Fund investors highlighting important aspects of their possible investment. Investors are asked to acknowledge their receipt of this information prior to making an investment in the applicable Focus Fund.



U.S. Boston as broker dealer receives Referral/Finder's fees for referring clients to private entities that have engaged us to assist them with raising capital. These relationships are not material to the advisory business and are disclosed in the Reg BI brochure. We may refer advisory clients to these entities if we believe the investment is in their best interest.

U.S. Boston Insurance Agency, Inc. is affiliated through common ownership. The agents are not investment advisor representatives of U.S. Boston Capital Corporation and do not offer insurance products to advisory clients and therefore this is not material to the advisory business.

## Futures, Commodity Pool Operator, Commodity Trading Advisor

The Firm does not engage in any investments in futures or commodities.

## Related Person Arrangements

### Affiliated Investment Advisors

Pear Tree Advisors is the investment manager for the Pear Tree Funds. Pear Tree Advisors receives management fees from Pear Tree Fund assets held by Firm clients. Pear Tree Advisors is owned by two of the associated persons of the Firm, including our principal owner, Willard Umphrey. Pear Tree Advisors also provides administrative services to the Pear Tree Funds for which it receives compensation.

Pear Tree Partners, LP, is the investment advisor to the Focus Funds. Registered representatives of the Firm have ownership interests in Pear Tree Partners, Management, LLC, the general partner of Pear Tree Partners, LP. Registered Representatives receive a percentage of Focus Fund distributions as a result of this relationship.

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

### Code of Ethics

U.S. Boston has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Our Code of Ethics sets a high ethical standard of business conduct reflecting our fiduciary obligations to our clients.

The Code of Ethics:

- Ensures that we are in compliance with federal securities laws;
- Requires our investment professionals to regularly report personal securities transactions and holdings;
- Is required to be acknowledged and adhered to by all employees of U.S. Boston;
- Allows us to develop strong internal controls and prevent possible insider trading, conflicts of interest, and potential regulatory violations;
- Provides a process for the reporting of violations; and

- Stipulates that the price paid or received by a client account for any security may not be affected by a buying or selling interest on the part of an access person, or otherwise result in an inappropriate advantage to the Access Person.

## Participation or Interest in Client Transactions

All client trades are placed individually for the respective client's account. U.S. Boston employees do not participate or have an interest in any client trades.

## Personal Trading

Individuals associated with U.S. Boston, including Principals, employees, families, and friends, may invest their personal accounts in the same investments we recommend to our clients. Owning the same securities that are recommended (purchase or sell) to clients presents a conflict of interest that, as fiduciaries, must be disclosed to clients and mitigated through policies and procedures. To avoid potential conflicts of interest that could be created by personal trading, our associated persons must follow the policies and procedures set forth in our code of ethics.

A copy of our Code of Ethics is available to all clients and prospective clients upon request. Please contact [Compliance@USBoston.com](mailto:Compliance@USBoston.com).

## Item 12: Brokerage Practices

Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. Although we do not require clients to use a specific broker-dealer to execute securities transactions for clients’ accounts, we have established a relationship with Ceros Financial Services, Inc. (“Ceros”) and its clearing firm, National Financial Services, LLC (“NFS”). We recommend that our clients use Ceros a registered broker dealer, member SIPC, as the qualified custodian. U.S. Boston is independently owned and operated and are not affiliated with Ceros.

If clients choose to use Ceros, then Ceros will hold their assets in a brokerage account and buy and sell securities when instructed by them. While we recommend that clients use Ceros as custodian, they will decide whether to do so, and will open your account with Ceros/NFS by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14. In directing the use of a particular broker other than Ceros, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

### How we select brokers/custodians

When selecting Ceros as the recommended broker-dealer, we considered many factors including:

- Financial stability;
- Capability to facilitate transfers and payments to and from accounts (e.g., wire transfers, check requests, bill payment, etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Competitive commission rates;

- Quality of services;
- Prior service to us and our clients;
- Capability to execute, clear, and settle trades (buy and sell securities for clients' accounts; and
- Breadth of available investment products (e.g., stocks, bonds, mutual funds, exchange-traded funds, etc.).

We must also determine that any services we receive provide lawful and appropriate assistance in the performance of our investment decision-making responsibilities. Under its agreement with National Financial Services, LLC, Ceros receives compensation from various products that may be held in clients' accounts, such as mutual funds, money market funds, and bank sweep products, which present a conflict of interest. Ceros provides U.S. Boston with customary research and other value-added services, which we use to benefit all accounts and not only those accounts with Ceros and NFS. Because such services are considered to provide a benefit to U.S. Boston, the Advisor has a conflict of interest in directing Client's brokerage business. These are further explained in Item 14 below.

U.S. Boston has not entered into any soft dollar arrangements.

### Brokerage and trading costs

For our clients' accounts that Ceros maintains, Ceros generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into Ceros' accounts. Certain trades (for example, many mutual funds, and U.S. exchange-listed equities and ETFs) may not incur Ceros commissions or transaction fees. Ceros is also compensated by earning interest on the uninvested cash in clients' accounts in Ceros's Cash Sweep Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Ceros, we have determined that having Ceros execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians"). By using another broker or dealer clients may pay lower transaction costs.

We do not receive any client referrals from any broker or custodian as a result of where our client's custody their assets.

Each custodian that holds a client's assets provides cash sweep vehicles. Depending on the custodian and the cash sweep vehicle, clients may earn a lower or higher interest rate or yield than may otherwise be available.

At this time, we do not aggregate and allocate trades.

### Item 13: Review of Accounts

We review accounts on an on-going basis to determine whether clients' investments and investment strategies are performing in a manner consistent with their stated objectives. A principal or a senior team member is responsible for the review. As part of our review, we look at market and economic

conditions, political circumstances, and individual needs and goals of our clients. A detailed review of a client's account may be triggered by us or the client. During a review the overall asset allocation is compared to the target to determine with the client if adjustments are needed. Recommendations will be made as needed or as we deem advisable. Reviews are generally conducted semi-annually but may be more or less frequent depending on the needs of the client.

Reports are available to clients. Such reports consist of overall portfolio performance, individual investment holdings, and asset allocation. More commonly, reports are produced and provided when we meet with the client.

### Review of client accounts on other-than-periodic basis

Factors that can trigger a review of a client's account more frequently include, but are not limited to:

- Volatile market periods;
- Changes in a client's objectives or financial needs;
- Changes in a client's risk profile;
- Client request;
- Security-specific events.

## Item 14: Client Referrals and Other Compensation

Our only source of compensation for our investment advisory services is provided in our fee schedule stated above. We do not receive any additional compensation or pay for referrals, including from solicitations.

U.S. Boston will occasionally refer clients to various unaffiliated, non-financial advisory professionals (e.g., attorneys, accountants, and estate planners) to provide certain financial services necessary to meet the goals of its clients. We do not receive compensation for these referrals. U.S. Boston will receive non compensated referrals of new clients from various third parties.

### Participation in Institutional Advisor Platform

U.S. Boston has established an institutional relationship with Ceros ("Custodian") to assist the Advisor in managing client account[s]. Access to the Ceros platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to clients that maintain assets at the Custodian. The Ceros platform will (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping, and client reporting.

The software and related systems support benefit U.S. Boston and facilitate the services we provide to clients, but they do not benefit our clients directly. In fulfilling its duties to its clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

To offset the costs of the transition of client accounts and new assets to Ceros, Ceros will provide a one-time credit to U.S. Boston that will include account closing fees, IRA termination fees, technology fees, etc.

## Item 15: Custody

Under securities regulations, we are deemed to have custody of client assets if, for example, the client authorizes us to instruct Ceros to deduct advisory fees directly from their account or if they grant us authority to move their money to another person's account. Custody is not necessarily limited to physically holding client funds or securities. Additionally, one of our Investment Advisor Representatives serves as trustee on certain client accounts. We will comply with Rule 206(4)-2(b) by working with a PCAOB Auditor to undergo an annual surprise custody examination as required.

For all client accounts of the Firm, the qualified custodian will send account statements to the client at least quarterly. Clients should carefully review those statements and compare custodian statements with any reports received from U.S. Boston.

We do not provide separate account statements to our clients. However, we do provide performance reports to our clients. If clients have any questions about their custodian's account statement or if they do not receive an account statement from their custodian, they should contact [compliance@usboston.com](mailto:compliance@usboston.com).

We encourage our clients to raise any questions with us about the custody, safety, or security of their assets.

## Item 16: Investment Discretion

U.S. Boston does not take investment discretion. We will make recommendations to our clients based on their goals and objectives and trade upon receiving their approval. Clients provide us with a limited power of attorney to execute trades in their accounts.

## Item 17: Voting Client Securities

U.S. Boston does not exercise proxy voting authority over our clients' securities. U.S. Boston may give advice concerning proxy voting but exercises no authority to vote the proxies. If a material conflict arises in giving you advice on proxy voting questions, U.S. Boston will disclose to you the existence of the conflict. The Client retains the sole responsibility for proxy decisions and voting.

U.S. Boston will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proof of Claim" in class action settlements.

For any questions, contact U.S. Boston via email at [compliance@usboston.com](mailto:compliance@usboston.com).

## Item 18: Financial Information

As a registered investment advisor, we are required to provide you with information about any financial condition or financial commitment likely to impair our ability to meet our contractual and fiduciary commitments to our clients. Our firm and its principals have no financial events or proceedings to disclose. Neither U.S. Boston, nor its management, have any adverse financial situations that would reasonably impair the ability of U.S. Boston to meet all obligations to its clients. Neither U.S. Boston, nor any of its IARs, have been subject to bankruptcy or financial compromise. U.S. Boston is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.