Form ADV Part 2A

Welch & Forbes LLC
45 School Street
Boston, MA 02108
(617) 523-1635
www.welchforbes.com

March 19, 2025

Item 1 - Cover Page

Welch & Forbes LLC
45 School Street
Boston, MA 02108
(617) 523-1635
www.welchforbes.com

March 19, 2025

This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of Welch & Forbes LLC ("Welch & Forbes" or the "Firm"). If you have questions about the contents of this Brochure, please contact us at (617) 523-1635 or info@welchforbes.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 Welch & Forbes is also available on the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Welch & Forbes who are registered, or are required to be registered, as investment adviser representatives of Welch & Forbes.

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

Item 2 – Material Changes

This Item requires us to summarize any material changes to our Form ADV Part 2A since our last annual update on March 18, 2024. The following changes to the current Form ADV Part 2A are summarized below:

- Item 4 – Advisory Business: We updated this Item to reflect our assets under management as approximately $9.2 billion as of December 31, 2024.
- W&F had previously facilitated client investments in privately held securities through its sponsored private funds, these funds are closed to investors. W&F will continue to offer investment advisory services to qualifying clients who request exposure to privately held securities but will no longer use its private funds to facilitate such investments.

Welch & Forbes has also made other non-material changes throughout this Form.

Item 3 – Table of Contents

Item 4 – Advisory Business

Welch & Forbes provides investment management and supervisory services on a discretionary and non-discretionary basis, as well as personal trust and fiduciary services, estate planning and administration, and tax and custodial services. The Firm has been in business since 1838. Welch & Forbes currently has 56 employees working in the Firm's Boston office. As of December 31, 2024, the Firm had approximately $9.2 billion in assets under management. Welch & Forbes provides investment advice primarily to individuals and trusts. Welch & Forbes' clients also include pension and profit-sharing plans, estates, charitable organizations, and corporations and other business entities. Please see "Item 7 – Types of Clients" of this Brochure for more information with respect to Welch & Forbes' clients.

Principal Ownership

Welch & Forbes is a Delaware limited liability company. Welch & Forbes' institutional partner, Affiliated Managers Group, Inc. ("AMG"), holds a majority ownership interest in Welch & Forbes. Certain Welch & Forbes employees own the remaining equity interest.

AMG, a publicly-traded asset management company (NYSE: AMG), also hold equity interests in other investment management firms ("AMG Affiliates"). Further information on AMG and AMG Affiliates is provided in "Item 10 – Other Financial Industry Activities and Affiliations" of this Brochure.

Advisory Services

As noted, Welch & Forbes is an investment management firm that provides investment advice primarily to individuals and trusts for which individual officers of Welch & Forbes often serve as trustee or co-trustee. The Firm's investments on behalf of its clients include equities (including exchange-traded, over-the-counter, and foreign), fixed income securities (including corporate debt, commercial paper, certificates of deposit, municipal securities, U.S. Government securities, and foreign sovereign debt), mutual fund shares, exchange-traded fund shares, funds of funds, warrants, and options. The Firm also offers advice on investing in privately placed securities, including common stock equivalents and partnership interests (including real estate and oil and gas interests). Investments in private funds will be effectuated directly with the private fund and/or entity; not through private funds sponsored by Welch & Forbes Investments in private funds are neither registered under the Securities Act of 1933, nor registered under the Investment Company Act of 1940. Accordingly, interests in these funds (which represent interests in certain underlying private placements) are only appropriate for those investors satisfying the applicable eligibility and suitability requirements.

As an asset manager for both individual and institutional clients, Welch & Forbes recognizes that all of our clients are unique and that, therefore, their investment needs may be different. As such, we may modify our primary investment strategies, as necessary, to meet the goals that our clients specify, in an effort to accommodate the particular investment objectives and accompanying restrictions requested by our clients. At the commencement of the client relationship, each of our clients executes an Investment Counsel Agreement ("ICA"), which sets forth their investment objectives, investment strategy and any investment restrictions that will be applicable to our management of the assets in the client's account. Prior to the execution of the agreement, we review requested objectives and restrictions, and work with the client as needed to refine these objectives and restrictions to both meet the client's needs and provide us with sufficient discretion to properly invest the client's assets. In the event the scope of work is substantially different than disclosed at the initial client meeting, a revised fee may be provided for agreement. When a fee increase is necessary, the client must approve and agree to the scope change before any additional work is performed. In such cases, we will notify the client to obtain this approval. (See Item 5: Fees & Compensation for additional details.)

Clients will acknowledge and agree to their obligation to promptly notify Welch & Forbes in writing if any information material to the advisory services to be provided changes, information previously provided that might affect how their account should be managed occurs, or if previously disclosed data becomes inaccurate. The client or their successor shall also promptly notify us in writing of the client's dissolution, termination, merger, or bankruptcy if the client is other than a natural person and the occurrence of any other event that might affect the validity of their Agreement or our authority thereunder.

Welch & Forbes reserves the right to terminate any client engagement where a client has willfully concealed or has refused to provide pertinent information about information material to the advisory services to be provided or individual/financial situations when necessary and appropriate; in its judgment, provide proper financial advice.

Other Services

In addition to investment advisory services, Welch & Forbes also provides personal trust and fiduciary services, philanthropic services, estate administration, tax and custodial services, bill paying, and cash flow and wealth simulation analysis.

Personal Trust and Fiduciary Services

In some instances, Welch & Forbes serves as a client's trustee or agent under Power of Attorney. In such roles, Welch & Forbes provides clients with services such as management of cash distributions, bill paying, assistance with philanthropic programs, and recordkeeping for fiduciary reporting.

Estate Administration

Our Estate Settlement Department manages the details of estate administration and settlement, including income tax and probate filings. In performing these duties, Welch & Forbes works with legal counsel, tax specialists, and executors as requested by clients.

Tax and Custodial Services

Welch & Forbes maintains a tax department that manages the preparing and filing of income tax returns for individuals and families and fiduciary returns for trusts and estates. We also offer clients guidance on certain tax-related topics.

In addition, in instances where Welch & Forbes serves as an executor of an estate, the Firm will appoint an unaffiliated qualified custodian as our agent to provide custody of the client's funds and securities.

Assets Under Management

As noted above, as of December 31, 2024, Welch & Forbes' had approximately $9,163,000,000 of client assets under management ("AUM"). Of this amount, approximately $8,920,000,000 is managed by Welch & Forbes on a discretionary basis, and approximately $243,000,000 is managed by Welch & Forbes on a non-discretionary basis. Please see Welch & Forbes' Form ADV Part 1A – Item 5.F for more information.

Item 5 – Fees and Compensation

Standard Fee Schedule

Welch & Forbes is compensated for its investment advisory services through payments of fees made by our clients. The fee is generally based on the market value of investments under management, and typically includes cash or its equivalent. The market value of investments is determined on the basis of the account on the eighth day of the last month of the quarter (for accounts held in our custody) or quarter-end for accounts held in custody elsewhere. The Firm's standard fee schedule is noted below.

Market Value	Fee Rates Per Annum
First $3,000,000	1.00%
Next $2,000,000	.75%
Thereafter	.50%

* For relationships of less than $3,000,000, the rate is 1.25% of the aggregate market value of account assets under management.

The fees set forth above cover ordinary and customary services. Additional fees may be charged for administrative services, generating tax information, account maintenance, and other services. Agreements continue until cancelled by either party. If termination of the ICA occurs in the middle of a billing period, Welch & Forbes may charge the client a pro-rated amount.

Advisory clients are subject to Welch & Forbes' minimum account requirements and advisory fees in effect at the time the client entered the advisory relationship. Therefore, our minimum account requirements and fees differ among clients.

Notwithstanding this fee schedule, and subject to applicable laws and regulations, Welch & Forbes retains discretion over the fees that it charges to its clients, as well as any changes in its fee schedules. The specific annual advisory fee is identified in the ICA between client and Welch & Forbes. Fees, including administrative fees, may be negotiated in Welch & Forbes' sole discretion considering a client's special circumstances, including, but not limited to, the complexity of the client's assets to be placed under management, additional assets anticipated, or prior assets received, portfolio style and account composition, reporting requirements, and other facts. In some cases, Welch & Forbes may agree to offer clients a fee schedule that is lower than that of any other comparable clients in the same investment style. In addition, there may be historical fee schedules with longstanding clients that differ from those applicable to new client relationships. Certain accounts have been grandfathered with previously established fee schedules. Discounted fees are offered to certain family members and employees of our firm.

For comparable services, other investment advisers may charge higher or lower fees than those charged by Welch & Forbes. Welch & Forbes reserves the right to waive all or a portion of its management fee and negotiate minimum annual fees. 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.

Fees for accounts where Welch & Forbes has custody are generally deducted directly from client accounts. Fees for accounts where Welch & Forbes has not been designated as custodian are generally deducted by the designated custodian at the client's direction or billed to the client.

The fees charged to clients generally are computed as a percentage of the value of the assets under management. To calculate advisory fees, Welch & Forbes generally relies on prices provided by third-party pricing services, custodians, and/or broker/dealers for purposes of valuing portfolio securities held in client accounts. Welch & Forbes may, on occasion, be required to "fair value price" a security when a market price for that security is not readily available or when Welch & Forbes has reason to believe that the market price is unreliable. In an event where "fair value pricing" is required, Welch & Forbes will use various sources of information at its disposal to determine a fair price that the security would obtain in the marketplace if, in fact, a market for the security existed. For any fair value securities, Welch & Forbes maintains a policy relating to the pricing process in an effort to mitigate any conflicts of interest with respect to valuation. Fair valuation occurrences are documented, and such documentation is maintained by the Welch & Forbes Valuation Committee.

Fees are generally charged in arrears and calculated on the market value of the account on the eighth day of the last month of the quarter (for accounts held in our custody) or quarter-end for accounts held in custody elsewhere. The calculated fees are periodically reviewed to determine that the fee schedule used is consistent with the terms of the ICA as compared to the fee charged in the previous quarter.

Fees for Specialized Accounts and Advisory Services

Sub-advisory Arrangements

As part of its advisory business, Welch & Forbes manages certain accounts as a discretionary "sub-advisor" to the investment adviser of such accounts. In its capacity as "sub-advisor" to such accounts, Welch & Forbes' fees and services are determined by contract with the investment adviser.

Additional Fees and Expenses Payable by Clients

Welch & Forbes' fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will be incurred by the client. Execution of client transactions typically requires payment of brokerage commissions by clients. "Item 12 – Brokerage Practices" further describes the factors that Welch & Forbes considers in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions). Investment activity may also involve other transaction fees payable by clients, such as sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, clients may incur certain charges imposed by outside custodians, broker/dealers, and other third parties, such as custodial fees, administrative fees, and transfer agency fees.

Fees for Investment of Client Assets in Third-Party Mutual Funds, Private Funds, and Other Pooled Investment Vehicles

At times, Welch & Forbes may invest a client's assets in mutual funds (including money market funds or similar short-term investment funds) or other pooled investment vehicles sponsored by third parties, such as hedge funds, venture funds, and/or exchange traded funds. To the extent that a client's assets are invested in other pooled vehicles, the clients will also typically pay management and/or other fees (such as performance fees) associated with each such mutual fund or other pooled vehicle that are in addition to the fees paid by the client to Welch & Forbes, as described below. Those fees are described in each pooled vehicles' offering documents (e.g., prospectus or offering memorandum). Such charges, fees, and commissions are exclusive of, and in addition to, Welch & Forbes' investment advisory fee.

Mutual Funds

Specifically, fees for mutual fund investments generally include two types: shareholder fees and annual fund operating expenses. Shareholder fees may include:

- Sales loads (fees paid to a broker/dealer, which may include front end sales loads (sales fees charged upon purchasing shares) and/or back end sales loads (sales fees charged upon redeeming shares);
- Redemption fees (fees paid to the fund upon the sale of mutual fund shares);
- Exchange fees (fees charged for transferring to another fund within the same fund group); and
- Account fees (account maintenance fees).

Annual fund operating fees include:

- Management fees (fees paid to an adviser or its affiliates for managing the fund);
- Distribution and/or service (e.g., 12b-1) fees (fees for distribution expenses, and sometimes shareholder service expenses); and
- Other expenses (miscellaneous expenses, such as custodial expenses, legal expenses, accounting expenses, transfer agent expenses, and other administrative expenses).

Clients whose assets are invested in mutual funds may pay some or all of the above fees. Clients should review the prospectus of any fund in which their assets are invested in order to understand the fees that may be applicable to their particular investment.

Private Funds and other Pooled Vehicles

As noted above, to the extent that Welch & Forbes invests in private funds or other pooled vehicles sponsored by third parties, clients also typically pay fees to the issuers or sponsors of those funds in accordance with the funds' fee schedules as in effect from time to time. The terms of these funds, including fees and expenses, are described in the funds' offering memoranda. Various aspects of those terms, such as management and incentive fees, withdrawal and redemption conditions, and information rights, may be negotiable and varied in limited circumstances under side letters, depending on the size of the proposed investment, type of investor, and special legal requirements applicable to the proposed investor.

Safekeeping Accounts

For certain client accounts where private investments are held (including those where the client's investment management relationship with Welch & Forbes has otherwise terminated), Welch & Forbes may maintain a safekeeping account on behalf of a client for illiquid holdings until such time that the assets can be sold. Welch & Forbes does not charge any fees for these accounts.

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

Performance-Based Fees

Welch & Forbes does not charge fees based on performance or the net profits of the assets being managed.

At times, Welch & Forbes may invest a client's assets in pooled investment vehicles sponsored by third parties, such as hedge funds, venture funds, and/or exchange traded funds. To the extent that a client's assets are invested in these pooled vehicles, the client may pay a performance-based fee to the third-party sponsor of such fund. In such instances, Welch & Forbes will not receive any of this performance-based fee, and will only be compensated based on its normal management fee over the assets (i.e., a percentage of the assets under management). Please see the "Fees for Investment of Client Assets in Third-Party Mutual Funds and Other Pooled Investment Vehicles" sub-section of "Item 5 – Fees and Compensation" of this Brochure.

Side-by-Side Management

Our investment professionals simultaneously manage multiple accounts (including individual high net worth accounts and institutional separate accounts) according to similar investment objectives. The simultaneous management of these different investment accounts could create certain conflicts of interest, if the fee structures for the management of certain types of accounts were higher than others. As noted above, Welch & Forbes does not charge performance-based fees for any of its accounts; therefore, the inherent incentive to favor performance-based fee accounts over those without such fees does not exist for the Firm. Welch & Forbes recognizes that it has an affirmative duty to treat all such accounts fairly and equitably over time.

Although Welch & Forbes has a duty to treat all similarly managed accounts fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that Welch & Forbes use the same investment practices consistently across all accounts. In general, investment decisions for each client account will be made independently from those of other client accounts, and will be made with specific reference to the individual needs and objectives of each client account. In addition, Welch & Forbes will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts, particularly if different accounts have materially different amounts of capital under management by Welch & Forbes or different amounts of investable cash available. As a result, although Welch & Forbes manages numerous accounts with similar investment objectives, or may manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account.

Item 7 – Types of Clients

Types of Clients

Welch & Forbes provides investment advice primarily to individuals and trusts, including those for which individual officers of the Firm may serve as trustee or co-trustee. In addition, Welch & Forbes' clients also include pension and profit-sharing plans, estates, charitable organizations, and corporations and other legal entities.

Conditions for Managing Accounts

Generally, Welch & Forbes requires a minimum account size of $3,000,000. However, the minimum account size is negotiable and may be waived or modified at the Firm's discretion.

Welch & Forbes requires each client to execute an ICA that details the nature of the discretionary investment advisory authority given to Welch & Forbes.

Welch & Forbes will not accept an account from an investor whose investment objective or policy is inconsistent with Welch & Forbes' fundamental investment philosophy and approach.

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

Introduction

Welch & Forbes offers its clients customized account management which is focused on the individual objectives of each client. In doing so, Welch & Forbes presents its clients with a range of investment options to be invested in one or more separate accounts, typically managed together, depending on account size and investment objective. Such options may include, but are not limited to:

1. Multi-cap core equity portfolios constructed with domestic and international stocks and ADRs;
2. Specialty portfolios – client-driven sector or style focused (e.g. Energy, Income);
3. Environmental, Social, and Governance ("ESG") approach for applicable client directed accounts;
4. Open Architecture through mutual funds and/or exchange-traded funds to seek the additional diversification of geographic-based, commodity-based, capitalization-based and style-based specialists;
5. Taxable and tax-exempt fixed income portfolios with a client-driven focus on income or total return; and
6. Alternative investments, including venture capital, private equity, hedge fund, and real estate (including those through outside specialists.

Portfolio managers also determine unique client asset allocations based on the client's long-term investment objectives. Portfolio managers use various methodologies to assist in the asset allocation decision. Welch & Forbes uses this approach as a complement to our one-on-one client discussions which address long-term investment objectives, risk tolerance, and liquidity needs. While some consideration may be given to investment style (e.g., large cap value, small cap growth), portfolio managers do not generally move clients in and out of various investment styles, as most clients are invested for the long term. ESG may also be considered as part of the research process (for applicable accounts), but ESG is not a determinative factor.

Welch & Forbes typically does not use derivatives or hedging strategies when determining asset allocation for a client. The Firm's general practices with respect to investing in equities and fixed income securities are discussed in more detail below.

Equities

Welch & Forbes' customized equity accounts encompass an array of investment objectives, and include, but are not limited to, those that are income-oriented, sector-specific, and socially screened. The Firm typically uses the S&P 500 as an equity benchmark. Welch & Forbes invests in both domestic and international equities, in any capitalization range.

As noted, Welch & Forbes typically does not use hedging strategies, unless directed by a client.

For some accounts, Welch & Forbes may employ a tax-sensitive approach to portfolio management. Low turnover in the accounts may limit the realization of capital gains. In addition, when gains are realized, we generally look for opportunities to harvest losses to offset gains, when appropriate. However, we generally do not let a tax decision alone override the fundamental factors driving the investment process.

Fixed Income

Welch & Forbes builds customized fixed income portfolios specific to each individual client's investment objectives. Generally, our clients look to their fixed income portfolios for steady income and safety. Therefore, Welch & Forbes generally constructs such portfolios in a modified laddered approach typically using investment grade bonds over a specified maturity period. The Firm's laddered approach is considered "modified" because portfolio managers generally look for added value offered at various points along the yield curve where we might overweight holdings. Likewise, we may add relative value to our fixed income portfolios by focusing on certain sectors that offer more relative value than a bond of similar quality in a different sector.

In selecting bonds, Welch & Forbes generally buys liquid, investment grade bonds and considers relative value among like credits within and across sectors. The Firm generally uses a buy-and-hold laddered approach, with some opportunistic trading on a selective basis. However, despite this typical buy-and-hold approach, the Firm may sell bonds for several reasons, including a credit downgrade or a need to raise cash in a client's portfolio, and may sell bonds at any time at its discretion, as it may do with any other securities held in a discretionary account (unless restricted by the client). On a client-by-client basis, lower quality bonds may be included in a fixed income portfolio if it were determined that the risk adjusted return was acceptable relative to the client's investment objectives.

Most of the Firm's clients look to their fixed income portfolios as a source of income; thus, our focus is generally on yield. However, portfolios may be customized with a total return focus if income is not the primary investment objective.

Welch & Forbes may refer to various benchmarks when monitoring its fixed income portfolios. However, while Welch & Forbes generally constructs fixed income portfolios to include holdings across the acceptable yield curve range and maintains duration at or near certain benchmarks, the Firm typically does not manage to the benchmark; therefore, Welch & Forbes' returns may fluctuate around those of the benchmark.

Welch & Forbes generally does not use hedging strategies in its fixed income portfolios.

Welch & Forbes typically uses a tax-sensitive approach in managing fixed income portfolios. The bond portions of most clients' portfolios are "buy-and-hold," which generally may result in lower turnover and tax realization. Further, a client's tax circumstance is a primary factor in determining whether or not to construct a portfolio with tax-exempt or taxable bonds. The Firm's focus is the after-tax return earned by the client rather than the pre-tax return.

Methods of Analysis

The Welch & Forbes investment process is focused on its team of investment professionals. Each portfolio manager is considered an investment generalist, but is also responsible for sector coverage. Portfolio managers are responsible for generating specific investment ideas, researching the idea, writing a research report, and proposing the idea to the Investment Committee ("IC") for consideration. If approved, the investment idea, which is primarily an equity or private investment security, may be used in the portfolio construction process.

The IC regularly reviews and revises the Welch & Forbes research list, which generally includes any equity holdings which we deem suitable for our clients. The IC plays an important role in the investment process through its ongoing review and discussion of investment holdings in client accounts. In addition, the IC discusses and recommends sector allocation as well as other securities, including fixed income, pooled vehicles, and cash products. The IC also discusses macro-economic (top-down) events that may impact investment decisions.

Welch & Forbes' security analysis methods include both fundamental and technical analysis. Fundamental analysis is a method of evaluating a security in which Welch & Forbes attempts to determine the intrinsic value of a security by examining certain economic, financial, and other qualitative and quantitative factors, including both macroeconomic factors, such as the overall economy and industry conditions, as well as company-specific factors, such as management. Technical analysis is used to a lesser extent and is a method of evaluating securities by analyzing market statistics, such as past prices and trading volume. In performing technical analysis, Welch & Forbes uses charts and other tools to attempt to predict patterns relating to the future activity of a security.

Specifically, Welch & Forbes utilizes a bottom-up (fundamental) analysis as the primary driver for security selection. The Firm uses a number of analytical metrics – both in absolute and relative to sector and market terms – in the security screening and selection process. Although the metrics employed often vary by industry group and sector, they may include: return-on-invested capital, return-on-equity, revenue and earnings growth, price-to-book and cash flow, profit margin, asset turnover, debt-to-equity and assets, and dividend yield and growth.

Welch & Forbes also uses top-down (economic) analysis as a secondary factor in selecting securities. Economic analysis is a contributing factor to position size and sector (or industry) allocation.

Sources of Information

In evaluating securities, the main sources of information used by Welch & Forbes include, but are not limited to, meetings with management and analysts, quantitative data provided by third-party vendors, financial newspapers and magazines, research materials prepared by third parties, corporate rating services relating to historical prices of securities, dividends, and earnings, annual reports, prospectuses, filings with the SEC, and company press releases.

Risk of Loss

The investment practices utilized by Welch & Forbes carry different levels and types of risk. In each individual account, all securities include a risk of loss of principal and any profits that have not been realized. The stock markets, bond markets, and derivatives markets fluctuate substantially over time and, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets the Firm manages on a client's behalf, and such a loss may be out of the Firm's control. Welch & Forbes cannot guarantee any level of performance and cannot guarantee that our client accounts will not experience a loss in value.

Investments in securities and other financial instruments and products are subject to many types of risk that can cause the permanent loss of capital as a result of adverse market conditions. Each of Welch & Forbes' accounts has the potential for the client's assets to decline in value.

Some of the specific risks to which client assets may be susceptible are as follows:

<u>*General Risks*</u>:

- Non-Diversification Risk. Concentrated accounts 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 an account's performance.

- Sector Risk. Accounts focused on or concentrated in a single sector may be affected by particular economic or market events and could be more volatile than an account with securities across industry sectors.

- General Economic and Market Conditions. Investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations) as we;; as natural disasters or public health issues such as epidemics or pandemics. These factors may affect the level and volatility of the prices and the liquidity of investments. Volatility or illiquidity could impair an account's profitability or result in losses. An account may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

- Tariffs. The imposition of tariffs can have unintended consequences. They can make domestic industries less efficient by reducing competition. They can hurt consumers by driving prices up and generate tensions by favoring certain industries over others, as well as certain regions. Tariffs could create uncertainty in the markets which could impact performance.

- Horizon & Longevity Risk. The risk that an investment horizon is shortened because of an unforeseen event, for example, the loss of a job, which may force you to sell investments that you were expecting to hold for the long term. Investors may lose money if they must sell when the markets are down. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for retired people or those nearing retirement.

- Political Risk. Changes in the political status of any country can have profound effects on the value of investments exposed to that country.

- Financial Institution Risk; Distress Events. An investment with Welch & Forbes is subject to the risk that one of the Firm's service providers, including banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Firm's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Welch & Forbes may not be able to access deposits, borrowing facilities or other services on behalf of its clients for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

  Any Distress Event has a potentially adverse effect on the ability of Welch & Forbes to manage its client investments, and on the ability of the Firm to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to require Welch & Forbes to pay fees and expenses in the event the Firm is not able to close a transaction on behalf of its client (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event), as well the inability of the Firm to acquire or dispose of investments at prices that the Firm believes reflect the fair value of such investments. Although Welch & Forbes expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Welch & Forbes maintain all or a set amount or percentage of their respective accounts or assets with the Custodian, which heightens the risks associated with a Distress Event with respect to such Custodians. Although Welch & Forbes seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Firm's clients, Welch & Forbes is under no obligation to use a minimum number of Custodians with respect to any client, or to maintain account balances at or below the relevant insured amounts.

- Foreign Investment 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, 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.

- Asset Allocation Risk. An account's investments may not be consistently allocated in the best performing asset classes.

- Environmental, Social and Governance Matters. While environmental, social or governance ("ESG") is only one of the many factors Welch & Forbes will consider in making an investment, there is no guarantee that the Firm will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that Welch & Forbes engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of Welch & Forbes will depend on the Firm's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Firm's view of certain ESG-related and other factors and carries the risk that certain accounts may underperform other accounts that do not take ESG-related factors into consideration because the market may ultimately have a different view of a particular company's performance than that anticipated by Welch & Forbes.

Consideration of ESG factors may affect the Firm's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Firm's performance depending on whether such investments are in or out of favor. Applying an impact investing approach to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Welch & Forbes or any judgment exercised by the Firm will reflect the beliefs or values of any particular investor. In evaluating a company, Welch & Forbes is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause Welch & Forbes to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Firm's assessment of such practices may change over time.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and the Firm's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Firm's ESG policies could become subject to additional regulation in the future, and Welch & Forbes cannot guarantee that its current approach will meet future regulatory requirements.

- Inflation & Interest Rate Risk. Security prices and portfolio returns will likely vary in response to inflation and interest rates changes. Inflation causes future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed-income investments to decline.

- Liquidity Risk. In situations where there is little or no active trading market for certain securities or investments, it may be more difficult to sell them at or near their perceived value, or at any price. When a portfolio holds illiquid investments, the portfolio may be harder to value, especially in changing markets, and if a portfolio is forced to sell these investments to meet redemptions or for other cash needs, the portfolio may suffer a loss. In addition, when illiquidity in the market exists for certain securities, a portfolio, due to limitations on the investments in illiquid securities, may be unable to achieve its desired level of exposure to a certain sector.

- Cybersecurity Risk. With the increased use of technologies to conduct business, Welch & Forbes is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting Welch & Forbes have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. While Welch & Forbes has established a business continuity plan and risk management systems intended to identify and mitigate potential cyber attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Welch & Forbes cannot control the cybersecurity plans and systems put in place by third-party service providers and issuers in which client portfolios invest. Clients could be negatively impacted as a result.

Equity Risks:

- Large Cap Stock Risk. Accounts focusing on large cap companies may underperform other equity accounts invested in other types of equities, as large cap companies may not experience sustained periods of growth in the mature product markets in which they operate.

- Small and Mid Cap Stock Risk. Accounts focusing on small and mid cap stocks may have more risk than those focused on larger more established companies because small and mid cap companies may have less revenue, narrower product lines, less management depth, small market share, fewer financial resources, and less competitive strength.

Fixed Income Risks:

- Money Market Funds. A money market fund is technically a security. The fund managers attempt to keep the share price constant at $1/share. However, there is no guarantee that the share price will stay at $1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable- the rate could go up or down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than expected, you may need more cash. Because money market funds are considered safer than other investments like stocks, long-term average returns on money market funds tend to be less than long-term average returns on riskier investments. Over long periods, inflation can eat away at your returns.

- Credit and Counterparty Risk. An issuer of bonds or other debt securities or a counterparty to a derivatives contract may not be able to meet interest, principal, or settlement payments, or otherwise honor its obligations.

- Interest Rate Risk. Fixed-coupon payments (cash flows) of debt securities may become less competitive with the market in periods of rising interest rates and cause debt security prices to decline.

- Prepayment Risk. Many bonds and debt securities have call provisions that may result in debtors paying back the debt prior to maturity during periods of decreasing interest rates.

Mutual & Exchange Traded Funds: Mutual funds and exchange-traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments following the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small-cap or speculative companies, uses leverage - borrows money to a significant degree, or concentrates in a particular type of security rather than balancing the fund with different security types.

ETFs differ from mutual funds since they can be bought and sold throughout the day like stock, and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Further, while some mutual funds are "no-load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees, which can also reduce returns. Mutual funds can also be "closed-end" or "open-end." So-called "open-end" mutual funds continue to allow in new investors indefinitely, whereas "closed-end" funds have a fixed number of shares to sell, limiting their availability to new investors. ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or another benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks daily, mathematical compounding may prevent the ETF from correlating with the performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index but are expected to yield similar performance.

Mitigation of Risks

Investments in equity portfolios are generally diversified by various methods, including the number of stocks utilized, investment across industries, and geographic dispersion. In addition, with respect to fixed income portfolios, investments within these portfolios are diversified among sectors, industry groups, and issuers to mitigate risk. Bond portfolios are typically constructed with investment grade bonds, which reduces risk associated with high yield bonds.

Welch & Forbes portfolio managers (or their designees) review accounts on a regular basis. In addition, on generally a weekly basis, there are peer review teams of portfolio managers who review asset allocation and holdings for selected accounts. At times, Welch & Forbes may use various analytical reports to assess accounts. Portfolio managers also meet with clients periodically to review their portfolios.

Item 9 – Disciplinary Information

There are no applicable legal or disciplinary events relating to Welch & Forbes.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliations

As noted previously, AMG holds an equity interest in Welch & Forbes. AMG's equity interest in Welch & Forbes is structured so that Welch & Forbes maintains operational autonomy in managing its business. AMG does not have any role in the day-to-day management of Welch & Forbes. Accordingly, AMG is not a "control person" of Welch & Forbes. AMG also holds equity interests in certain other investment advisers ("AMG Affiliates"). Each of the AMG Affiliates, including Welch & Forbes, operates autonomously and independently of AMG, and each other. Welch & Forbes does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Welch & Forbes carries out its asset management activity, including the exercise of investment discretion and voting rights, independent of the AMG Affiliates. The AMG Affiliates do not formulate advice for Welch & Forbes' clients and do not, in Welch & Forbes' view, present any potential conflict of interest for Welch & Forbes with respect to our clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates, is available at www.amg.com.

As previously noted in Items 4 and 5, Welch & Forbes may periodically invest clients' assets through limited liability companies sponsored by Welch & Forbes ("W&F Funds"), for which Welch & Forbes serves as the Managing Member. The W&F Funds are used to facilitate clients' investment in private equity, venture, and private fund investments. The W&F Funds are neither registered under the Securities Act of 1933, nor registered under the Investment Company Act of 1940. Welch & Forbes does not receive additional fees for managing the W&F Funds, other than the standard management fees that the Firm receives based on the client assets that may be invested through the W&F Funds.

Other Financial Activities

Neither Welch & Forbes nor any of its management persons are registered, or have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities.

Welch & Forbes and its portfolio managers periodically serve as trustee or co-trustee for certain accounts, including those of investment management clients as well as others, and the Firm typically charges a fee for trustee services in those cases where the Firm does not manage the account pursuant to an Investment Counsel Agreement.

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

Welch & Forbes has established a variety of internal controls and procedures designed to address potential conflicts of interest arising between client accounts and Welch & Forbes and its personnel.

Code of Ethics

As a registered investment adviser, Welch & Forbes has a fiduciary duty to its clients, and accordingly has adopted a Code of Ethics (the "Code") that applies to all employees. The Code describes the standard of conduct Welch & Forbes requires of its employees and sets forth restrictions on certain activities, including personal trading in accounts owned, managed, or beneficially owned by the employees. By setting forth the regulatory and ethical standards to which Welch & Forbes' employees must adhere, the Code supports our efforts to promote a high level of professional ethical conduct in furtherance of our fiduciary duty to our clients.

Personal Trading

Among other things, the Code limits and monitors the personal trading activity of our employees, including members of our employees' households. These limitations seek to further Welch & Forbes' efforts to prevent employees from personally benefiting from its investment decisions for its clients and/or any short-term market effects of the Firm's recommendations to clients. Specifically, the Code requires employees and certain members of their households to "pre-clear" their personal securities transactions with our Firm's Compliance Department prior to execution, with some limited exceptions. The Code also generally prohibits such persons from trading in securities during specific periods of time when they are on a list of those being considered for purchase or sale by the Firm for our clients' accounts (i.e., "blackout periods"). Limitations also exist for such persons on the participation in initial public offerings and private placements. All employees must provide Welch & Forbes with a listing of their securities holdings, as well as duplicate copies of statements and trade confirmations with respect to their brokerage accounts. These restrictions and requirements of the Code apply to all accounts over which employees have investment discretion, or in which they have a direct or indirect beneficial ownership interest.

Participation or Interest in Client Transactions

Welch & Forbes, its members, officers and employees (collectively "employees") may from time to time directly or indirectly hold the same securities as Welch & Forbes recommends to its clients. For example, certain employees may invest their own monies in private equity, venture capital, and private fund investments, either directly or through the W&F Funds. Such investments by employees in private equity, venture capital, and private fund investments through the W&F Funds are processed at the same time as transactions for clients in such investments through the W&F Funds, subject to the terms and conditions of Welch & Forbes' Code of Ethics.

Welch & Forbes employees may buy or sell, for their own accounts, securities that the Firm has recommended to clients, subject to the restrictions and reporting obligations contained in Welch & Forbes' Code of Ethics. Specifically, Welch & Forbes employees may purchase securities that appear on Welch & Forbes' research list on the same day they are purchased for client accounts, provided that such transactions are completely segregated from client transactions and are not knowingly traded in front of or concurrently to client transactions.

To help mitigate the potential for conflicts of interest, all employees must comply with the Code, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain household members and seeks to ensure that employees do not personally benefit from the short-term market effects of securities Welch & Forbes recommends to clients. For more information with respect to the Code and its limitations on personal trading by employees please see the "Code of Ethics" and "Personal Trading" sub-sections of this Item 11.

Insider Trading/Material Non-Public Information

All employees of Welch & Forbes are subject to the Affiliated Managers Group, Inc. Insider Trading Policy and Procedures (the "AMG Insider Trading Policy"). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG's stock. In addition, Welch & Forbes' Code also includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of Welch & Forbes, to prevent having others communicate on the basis of such information, and to prevent the communication of such information to others. Welch & Forbes broadly prohibits the misuse of material, non-public information.

In accordance with these policies, to prevent trading of public securities based on material, non-public information, Welch & Forbes maintains a restricted list that identifies any securities that cannot be purchased for employee, client, or firm-owned accounts because material, non-public information may have been received by an employee of the Firm. The issuers named on this restricted list are restricted in the Firm's trading and portfolio compliance system, thus blocking Welch & Forbes from trading in these securities without the consent of Welch & Forbes' Chief Compliance Officer.

Gifts

Welch & Forbes has policies and procedures regarding the giving or receiving of gifts between the Firm's employees and certain third parties (e.g., vendors, broker/dealers, consultants, etc.) to help mitigate the potential for conflicts of interest surrounding these practices. In general, Welch & Forbes limits the amount of gifts that may be provided by employees to these parties, and requires the pre-approval of certain items by the Chief Compliance Officer. Welch & Forbes specifically monitors for any potential conflicts of interest with respect to individual instances of gifts, as well as patterns of the same over time, to prevent the interests of Welch & Forbes and its employees from being placed ahead of the interests of our clients.

Political Contributions

Welch & Forbes prohibits its employees from making political contributions on behalf of Welch & Forbes or from being reimbursed for personal political contributions, or from making political contributions for the purpose of securing or retaining business. Welch & Forbes maintains policies and procedures that set forth specific limitations as to the amounts of contributions, as well as preclearance requirements for certain political contributions.

Distribution of Code

All of our employees are provided with a copy of our Code at the time of hire and annually thereafter, and each employee must affirm that they have received a copy of the Code, and that they have read and understand its provisions. Additionally, Welch & Forbes conducts periodic compliance training for employees that addresses the requirements of the Code and the other policies described in this Item. A copy of Welch & Forbes' Code is also available to clients or prospective clients upon request, and may be obtained by contacting us at the contact information listed in "Item 1 – Cover Page" of this Brochure.

Item 12 – Brokerage Practices

Generally, Welch & Forbes is retained on a discretionary basis and is authorized to determine and execute portfolio transactions within the client's specified investment strategy. Some clients limit the Firm's authority in terms of the selection of broker-dealers in favor of their own brokerage arrangements. Welch & Forbes has a fiduciary duty to seek best execution (see further description below), and to ensure that trades are allocated fairly and equitably among clients over time.

Brokerage Relationships

Welch & Forbes' relationships with broker/dealers, particularly those affiliated with large financial services organizations, are complex. Welch & Forbes uses various broker/dealers to execute trades on behalf of clients, but Welch & Forbes may also have many other relationships with such firms. For example:

- Welch & Forbes may invest client assets in securities issued by broker/dealers or their affiliates; and
- Certain broker/dealers provide internally-generated and/or third-party research to Welch & Forbes, as part of a bundled service.

Notwithstanding such relationships or business dealings with these broker/dealers, Welch & Forbes has a fiduciary duty to its clients to seek best execution when trading with these firms, and has implemented policies and procedures to monitor its efforts in this regard, as described further below.

Best Execution – Selection Factors for Broker/Dealers

As noted above, Welch & Forbes has a duty to seek best execution of transactions for client accounts. "Best execution" is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. In seeking best execution, Welch & Forbes looks for the best combination of transaction price, quality of execution (e.g., the speed of execution, the likelihood the trade will be executed, etc.), and other valuable services that an executing broker/dealer may provide.

Clients often grant Welch & Forbes the authority to select the broker/dealer to be used for the purchase or sale of securities. Welch & Forbes, in seeking best execution, will make this selection based on a number of factors, which may include, but are not limited to, the following: the broker/dealer's financial soundness; the broker/dealer's ability to effectively and efficiently execute, report, clear, and settle the order; the broker/dealer's ability to commit capital; the broker/dealer's ability to timely and accurately communicate with Welch & Forbes' trading desk and operations team; the broker/dealer's research services provided in connection with soft dollar arrangements (explained in more detail in the "Soft Dollars" sub-section of this Item 12 below); the broker/dealer's commission rates; the number of shares being purchased or sold; and similar factors. Welch & Forbes does not consider any client referrals from a broker/dealer when determining best execution, or when placing client trades.

Recognizing the value of these factors, Welch & Forbes may select a broker/dealer that charges a commission in excess of that which another broker/dealer might have charged for effecting the same transaction. Welch & Forbes is not obligated to choose the broker/dealer offering the lowest available commission rate if, in Welch & Forbes' reasonable judgment, the total cost or proceeds from the transaction may be less favorable than what may be obtained elsewhere or if a higher commission is justified by the service and/or research provided by another broker/dealer.

Welch & Forbes has implemented a policy to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Welch & Forbes will obtain information as to the general level of commission rates being charged by the brokerage community, from time to time, and may periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. On at least an annual basis, the Brokerage Committee meets to review a VWAP (volume weighted average price) analysis which compares the weighted average price of a security from a third-party pricing source against executed fixed income and equity client transactions. In performing this review, Welch & Forbes seeks to determine if execution was generally favorable over time. To the extent Welch & Forbes may be paying higher commission rates for its transactions, Welch & Forbes will determine if the quality of execution and the services provided by the broker/dealer justify these higher commissions. Welch & Forbes may cease to do business with certain exchange members, brokers or dealers whose performance may not have been competitive or may demand that such persons improve their performance before receiving any further orders.

Directed Brokerage

Welch & Forbes does not direct or require its clients to use a specified broker/dealer for portfolio transactions in their accounts. In some cases, clients have directed Welch & Forbes to use specified broker/dealers for portfolio transactions in their accounts. In such a case, Welch & Forbes is not obligated to, and will generally not, solicit competitive bids for each transaction or seek the lowest commission rates for the client, as the commission rates have typically been pre-negotiated between the client and the designated broker/dealer ("directed broker"). Since Welch & Forbes has not negotiated the commission rate and may not be able to obtain volume discounts, the commission rate charged by the directed broker may be higher than what Welch & Forbes could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Welch & Forbes as a result of the Firm's inability to aggregate/bunch the trades from this account with other client trades. Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an initial public offering). Welch & Forbes will not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Accordingly, clients who direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution. In instances where the client has not pre-negotiated rates with a particular broker to whom the client has requested that trade be directed, the client will be charged the broker's applicable commission rate.

In cases where a client's account is custodied at a broker-dealer, Welch & Forbes typically places the client's trades with that broker-dealer. The custodian broker-dealer may require this course of action or there may be cost savings in trading through that broker-dealer, such as smaller transaction fees or smaller custody fees. In light of these factors, Welch & Forbes considers a client's choice to custody its account at a specific broker-dealer as being an instruction to Welch & Forbes to direct transactions in that client account to that broker-dealer, unless the client notifies Welch & Forbes otherwise.

Welch & Forbes reserves the right to reject or limit client requests for directed brokerage, and clients may be charged a premium for such arrangements.

Cross Trades

Welch & Forbes rarely engages in cross trades in client accounts. There may be instances, typically involving single fixed income instruments, where one client account is seeking to sell a bond that another client account is seeking to purchase. In these circumstances, Welch & Forbes will proceed with the buy and sell transactions through an unaffiliated broker, and will seek to obtain, in Welch & Forbes' judgment, the most favorable execution under the circumstances for both the buyer and seller.

Soft Dollars

Welch & Forbes directs certain transactions for execution to certain broker/dealers in recognition of brokerage and research services provided by those broker/dealers and/or other third-party providers. The practice of obtaining research in this manner is referred to as using "soft dollars." Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only, even if purchasing or selling the same securities. The products and services received through soft dollar transactions may include investment advice (either directly or through publications or writings) as to the value of securities, the advisability of investing in, purchasing, or selling securities, the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of specific strategies. To the extent that Welch & Forbes is able to obtain such products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to Welch & Forbes and its clients. As an example, Welch & Forbes has received research services that include statistics-generating software used for research purposes. Additionally, Welch & Forbes has received research services relating to data and tools that allow Welch & Forbes' investment team to perform analyses of securities being considered for purchase. Welch & Forbes has found these services useful in its research process. Welch & Forbes may have an incentive to select a broker/dealer in order to receive such products and services whether or not the client receives best execution. However, Welch & Forbes may give trading preference to those broker/dealers that provide research products and services, either directly or indirectly, only so long as Welch & Forbes believes that the selection of a particular broker/dealer is consistent with the Firm's duty to seek best execution.

Welch & Forbes also receives services which, based on their use, are only partially paid for through soft dollars. Any such service is considered "mixed-use" because it is used by Welch &

Forbes for both research or brokerage and non-research, non-brokerage purposes. In each such case, Welch & Forbes makes a good faith determination of which portion of the service should be paid for with soft dollars and which portion should be paid for with hard dollars. Welch & Forbes thereafter retains documentation of the soft dollar to hard dollar allocation, and periodically reviews this allocation.

The research products and services provided by broker/dealers through soft dollar arrangements benefit Welch & Forbes' investment process for client accounts and may be used in formulating investment advice for any and all clients of Welch & Forbes, including accounts other than those that paid commissions to the broker/dealers on a particular transaction. Nonetheless, not all research generated by a particular client's trade will benefit that particular client's account. In some instances, the other accounts benefited may include accounts for which the accounts' owners have directed their portion of brokerage commissions to go to particular broker/dealers other than those that provided the research products/services. However, research services obtained through soft dollar transactions may be used in advising all accounts, and not all such services would necessarily be used by Welch & Forbes in connection with the specific account that paid commissions to the broker/dealer providing such services. Welch & Forbes does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists Welch & Forbes in fulfilling its overall duty to its clients.

Welch & Forbes generally does not commit to fixed dollar arrangements in return for research services. Nevertheless, in certain instances, brokers set commission minimums, which must be met within a specified time period in return for research services. In such cases, hard dollar payments may be used to meet these minimums.

As noted previously, Welch & Forbes maintains a policy relating to its brokerage practices, including its use of soft dollars, which is designed to mitigate the potential conflicts of interest described in this Item. On generally a semi-annual basis, Welch & Forbes' Brokerage Committee reviews the research budget and the quality of research provided. This review may include an assessment of the overall reasonableness of commissions paid by examining what competing broker/dealers were willing to charge for similar types of services. This evaluation may also consider the timeliness and accuracy of the research received. Reasonableness is evaluated on an ongoing basis.

Commission Sharing Arrangements

In addition to traditional soft dollar arrangements, Welch & Forbes may engage in commission sharing arrangements, in which the Firm uses commissions to obtain products or services from broker/dealers, but where the products or services have been produced by third parties. In commission sharing arrangements, Welch & Forbes enters into agreements with broker/dealers so that certain commissions from transactions placed by the Firm at those broker/dealers may be directed by Welch & Forbes to one or more third-party investment research providers. Welch & Forbes utilizes these arrangements to gain access to research produced by certain third-party investment research providers, some of which are broker/dealers that may not be able to provide overall trade execution as favorable to our clients as the broker/dealer executing the trade. Through these arrangements, products and services that provide lawful and appropriate assistance to the Firm's investment decision-making process may be paid for with commissions generated by client accounts. Welch & Forbes allocates the cost of such products on a basis that it deems reasonable over time according to the various uses of the product, and maintains records to document this allocation process.

Trade Aggregation and Trade Sequence

Due to the nature of Welch & Forbes primary business of providing customized investment advisory services to the accounts of individuals and trusts, Welch & Forbes does not frequently aggregate trades for its client accounts, as orders are typically submitted for single accounts and executed upon receipt. However, when two or more portfolios are simultaneously engaged in the purchase or sale of the same security, Welch & Forbes may, but is not obligated to, combine and aggregate the transactions to form a "bunched trade" or "block trade." In such cases, these accounts will receive the average price of the transactions in that security for the block. Welch & Forbes may, but is not required to, aggregate orders into block trades where Welch & Forbes believes this is to be appropriate, in the best interests of the client accounts, and consistent with applicable legal requirements. Transactions executed in a block will typically be allocated to the participating client accounts before the close of the business day.

Since more than one account's orders are included in a block trade, Welch & Forbes has adopted a policy of generally using a "pro rata allocation" to allocate such a trade among each account whose order makes up part of the block. Under a pro rata allocation, as securities are being purchased or sold as part of the block trade, the securities are being allocated to (or away from, in the case of a sale) accounts in the proportion by which each account's order size (as determined by the portfolio manager at the time of order entry) makes up a percentage of the entire block. In cases where Welch & Forbes is unable to fulfill a block trade the same day (i.e., purchase or sell all securities within the block trade), those securities that have been purchased or sold by the end of the day will generally be allocated pursuant to Welch & Forbes' pro rata allocation methodology.

However, Welch & Forbes also recognizes that no rigid formula will necessarily lead to a fair and reasonable result, and that a degree of flexibility to adjust the formula to accommodate specific circumstances is necessary when determining how to allocate block trades. Therefore, under certain circumstances, allocation of block trades on a basis other than strictly pro rata may occur if the Firm believes that such allocation is fair and reasonable. Nevertheless, all securities purchased or sold through a block trade, including expenses incurred in the transaction, will be allocated on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or client (including any proprietary or affiliated account).

The ability of a client account to participate with other accounts in bunched/block transactions may produce better execution for the individual client account. However, in some instances, a client may have designated a specific broker/dealer to whom the client's trades must be directed. (See the "Directed Brokerage" sub-section above.) This designated broker/dealer may not (or, in some cases, will not) execute bunched or block trades, and even if it does, Welch & Forbes may not be able to direct the entire block trade to this designated broker/dealer because it would conflict with the Firm's duty to obtain best execution. In such cases, since Welch & Forbes will place the client's trade with the designated broker/dealer as instructed rather than include the client's order in the block trade, the client may not necessarily get the better price and/or level of execution that those clients who participate in the block may receive.

In order to minimize the risk of preferential treatment to certain clients over others, the Firm utilizes a trade sequence process. Welch & Forbes has organized the Firm's clients' accounts into broad groups based on their custodians. The Firm's trading group will generally be responsible for determining the sequencing for which orders are executed. Trade order sequencing is performed as follows:

1. Electronically traded orders under 100 shares where Welch & Forbes is the custodian of the account
2. Electronically traded orders where Reliance Trust Company is the custodian of the account
3. Electronically traded orders over 100 shares where Welch & Forbes is the custodian of the account
4. Electronically traded orders where MassMutual Trust Company is the custodian of the account
5. Electronically traded orders for all other custodians, orders with the least amount of shares are traded first
6. Manually traded directed brokerage orders where Welch & Forbes is the custodian of the account
7. Manually traded orders for all other custodians, orders with the least amount of shares are traded first

In general, Welch & Forbes executes electronic orders before manual orders, and smaller share trades before larger share trades.

Initial Public Offerings

An initial public offering is a company's first offer of stock for sale to the public. Depending on the interest in this initial offering, the Firm's access to these newly offered shares may be limited in amount at the time of the initial offering.

In the event that Welch & Forbes participates in any initial public offerings and other securities with limited availability (collectively, "IPOs"), Welch & Forbes allocates IPOs among accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs.

As noted above, generally, fully completed orders are allocated among the participating accounts based on the original trade order while partially completed orders, including IPOs, are allocated on a pro rata basis or a random number basis based upon account type. However, exceptions to the allocation policy may occur due to factors such as unanticipated circumstances, unobtainable order size, and client special requests. Typically, no eligible client account receives less than 100 shares of an IPO, and the IPO purchase amount generally does not exceed 5% of a client account's assets.

Where the actual allocation of an IPO to Welch & Forbes for its accounts is significantly lower than that originally requested by Welch & Forbes, the original allocation proportions that we determined for our accounts may result in allocations that are not meaningful to certain accounts. In those situations, Welch & Forbes may allocate the securities received to significantly fewer accounts than originally intended. Those accounts chosen to receive the smaller allocations are selected based on a combination of factors, such as size, cash position, sector allocations, number of positions, diversification among similar companies, and minimization of custodian transaction costs to the client. While the Firm's intention is to allocate similar proportional amounts of IPOs to all eligible accounts over time, using this methodology, some accounts may not receive small allocations. When warranted, portfolio managers and compliance personnel periodically monitor the allocations to client accounts and the dispersion of performance for accounts in an effort to ensure that all accounts are treated fairly and equitably over time.

Trade Errors

Welch & Forbes has established error correction procedures which provide that the resolution of errors be made in light of the Firm's fiduciary duties and in placing an affected client's interest before that of the Firm. It is Welch & Forbes' policy to resolve any error identified in a client account in a manner that the Firm believes results in no harm to the account.

In resolving trade errors, any net losses require reimbursement from Welch & Forbes. Any net gains will be allocated to the client's account. Welch & Forbes prohibits the use of soft dollars to resolve trade errors.

Item 13 – Review of Accounts

Welch & Forbes' portfolio managers are responsible for the regular review of the assets of the accounts under their supervision. Each portfolio manager receives a report for each of their portfolios weekly. Typically, the individual equity holdings of the portfolio are reviewed on a regular basis throughout the year. Fixed income positions are reviewed less frequently due to their lower relative volatility. Asset allocation is also reviewed and discussed during client meetings. If the markets are particularly volatile, interim discussions with the client may occur.

Portfolio managers typically review client accounts on an annual basis. As part of this review, portfolio managers generally meet weekly in small groups to conduct peer review analysis on client accounts. Additional detailed reviews may be triggered by significant changes in the Firm's outlook for a particular security or the market generally, or by changes in a client's needs or objectives. Portfolio managers also typically meet weekly for industry and company reviews and to discuss the economic outlook and investment policy. The number of accounts assigned to each portfolio manager varies depending on the nature of the product, service, or strategy.

Welch & Forbes also performs reconciliations of its records of the cash and securities within its clients' accounts against the records of the custodians who actually hold the securities and cash. Cash is typically reconciled on a daily basis, and securities are typically reconciled on a monthly basis. The Operations department generally reconciles the cash balance, security holdings, market value, shares and cost (as applicable) of client accounts. Any discrepancy between the custodian statement and Welch & Forbes' internal records will be accounted for and, if necessary, corrected, in a timely manner.

Reporting

Clients generally receive quarterly account statements from independent qualified custodians, unless they request these statements more frequently. The statements typically include:

1. Listing of individual holdings, including number of shares and current market value;
2. Estimated annual income and current yield;
3. Receipts and disbursements affecting cash flow; and
4. Purchase and sale transactions occurring during the quarter.

Clients may also receive an annual statement that is the same as the quarterly statement, except that it reviews the entire preceding twelve months. Certain clients may receive additional statements or reports as requested from time to time.

In addition to these custodian-generated reports, certain clients may also receive standardized investment letters from Welch & Forbes portfolio managers. These letters typically discuss general market conditions. Custodian statements reflect the official books and records for the accounts Welch & Forbes' manages.

Item 14 – Client Referrals and other Compensation

Relationships with Consultants and Solicitors

Welch & Forbes currently maintains formal written referral agreements (a.k.a. Solicitation Agreements) and may compensate unaffiliated third parties for the successful referral or solicitation of advisory clients. Such referral fees generally consist of a percentage of the management fees earned and collected by Welch & Forbes and do not have an effect on the gross fee charged to the client. In addition, Welch & Forbes is required to disclose or cause to be disclosed any direct or indirect compensation that it provides for client referrals prior to the execution of the investment counsel agreement. Welch & Forbes will comply with Rule 206(4)-1 under the Investment Advisers Act of 1940, as amended, for all such client referrals and resulting compensation.

Welch & Forbes may also receive referrals from third parties, including through the subadvisory relationship described in "Item 5 – Fees and Compensation" of this Brochure. In these cases, Welch & Forbes does not compensate directly or indirectly for these referrals.

Compensation from Third Parties

Welch & Forbes does not receive any monetary compensation from non-clients for Welch & Forbes' provision of investment advisory services to clients.

Item 15 – Custody

In certain circumstances, Welch & Forbes acts as custodian over the assets in the accounts we manage for our clients. Clients can elect to have Welch & Forbes provide for custody. In addition, Welch & Forbes is also deemed, under federal securities laws, to have custody of client assets by virtue of its role as Trustee to certain client accounts. In cases where Welch & Forbes has or is deemed to have custody, the Firm has appointed an independent qualified custodian as its agent to provide actual custody of clients' funds and securities. Such custodians may be broker/dealers, banks, trust companies, or other qualified institutions. The qualified custodian will typically provide the client with at least quarterly account statements relating to the assets held within the account managed by Welch & Forbes. Each client should carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in the client's account and all account activity over the relevant period. Any discrepancies identified by a client should be immediately reported to Welch & Forbes and/or the qualified custodian. Such questions, concerns, or discrepancies may be communicated to Welch & Forbes by writing, e-mailing, or telephoning us at the contact information listed in "Item 1 – Cover Page" of this Brochure.

As discussed in "Item 5 – Fees and Compensation" of this Brochure, Welch & Forbes may invest clients' assets through limited partnerships or limited liability companies sponsored by Welch & Forbes, and of which Welch & Forbes is the managing member ("W&F Funds"). Welch & Forbes is deemed, under the federal securities laws, to have custody of client assets by virtue of its role as general partner of the limited partnerships and managing member of the limited liability companies and/or sponsor of these entities. Welch & Forbes does not have actual physical custody of any client assets or securities invested in such funds; rather, all such assets are held in the name of each of the applicable funds by an independent qualified custodian.

As required by applicable law, Welch & Forbes has engaged an independent accountant to perform surprise examinations on an annual basis of any accounts where Welch & Forbes has custody, including the W&F Funds. These examinations also typically review our fee procedures.

Item 16 – Investment Discretion

Welch & Forbes is typically granted discretionary authority by a client at the outset of an advisory relationship to determine the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts of securities for purchase or sale, Welch & Forbes observes the investment policies, limitations, and restrictions that are applicable to our clients' accounts, as set forth by our clients. Any investment guidelines and restrictions, including amendments, must be provided to Welch & Forbes by our clients in writing. A client will typically grant Welch & Forbes discretionary authority by executing an Investment Counsel Agreement, which includes, among other items, a statement giving Welch & Forbes authority to invest the assets identified by the client in a manner consistent with the investment objectives and limitations delineated by the client, and to engage in transactions on a discretionary basis in the client account.

For those instances where Welch & Forbes is deemed to have custody of a client's assets but where Reliance Integrated Solutions LLC ("Reliance") has actual custody of those assets, Welch & Forbes has contracted with Reliance to participate in certain class action lawsuits with an action period after August 1, 2005 on behalf of such a client if the client holds the relevant securities that are the subject of the lawsuit. In addition, Reliance will also participate in such class action lawsuits on behalf of Welch & Forbes clients holding relevant securities in instances where Reliance has custody of the assets, but Welch & Forbes does not. However, in those instances where Reliance does not have custody of a Welch & Forbes' client's assets, Welch & Forbes generally does not participate in class action lawsuits on behalf of such clients. Welch & Forbes does not provide legal advice to clients and, accordingly, does not generally determine whether a client should join, opt out of or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client. Welch & Forbes generally does not have authority to submit claims or elections on behalf of clients in legal proceedings. Should a client, however, wish to retain legal counsel and/or take action regarding any class action suit proceeding, Welch & Forbes will provide the client or the client's legal counsel with information that may be needed upon the client's reasonable request.

Item 17 – Voting Client Securities

Since client accounts may hold stocks or other securities with voting rights, our clients often have the right to cast votes at the corporate issuers' shareholder meetings. However, since shareholders often do not attend shareholder meetings, they have the right to cast their votes by "proxy." In such cases, Welch & Forbes' clients will either retain proxy voting authority or delegate it to Welch & Forbes. If a client has delegated such authority to Welch & Forbes (whether in the client's Investment Counsel Agreement with Welch & Forbes or otherwise), Welch & Forbes will vote proxies for that client. If a particular client for whom Welch & Forbes has investment discretion has not explicitly delegated proxy voting authority to Welch & Forbes, the Firm will vote such client's proxies unless the client has specified otherwise. If a client has chosen to retain voting authority, the client will receive proxy solicitations from the security issuer, and the client may contact Welch & Forbes with any questions about a particular solicitation at the contact information listed in "Item 1 – Cover Page" of this Brochure.

For those clients for whom Welch & Forbes retains custody of client assets or for whom Reliance Trust Company has been delegated as custodian, the Firm is typically delegated proxy voting authority by such clients. For all other clients, Welch & Forbes typically does not have proxy voting authority.

For those accounts over which it has proxy voting authority, Welch & Forbes is responsible for voting each proxy and maintaining records of proxy statements received and votes cast. If a client has delegated proxy voting authority to Welch & Forbes, but would nevertheless like to direct our vote on a particular proxy solicitation, the client may contact us at the contact information listed in "Item 1 – Cover Page" of this Brochure.

Voting Agent

Where Welch & Forbes is responsible for voting proxies, Welch & Forbes has contracted with an established independent third-party provider of proxy voting and corporate governance services (the "proxy agent"). Specifically, the proxy agent has been retained to conduct proxy research, execute proxy votes, and keep various records necessary for tracking proxy voting materials and proxy voting actions taken for our clients.

Welch & Forbes has adopted the proxy agent's proxy voting policy as its own and, accordingly, the proxy voting agent will vote Welch & Forbes' client proxies (for those client accounts over which it has proxy voting authority) according to those guidelines.

Conflicts of Interest

As noted, Welch & Forbes has an agreement with the proxy agent and has adopted the proxy agent's proxy voting policy guidelines (the "Policies"). The adoption of the Policies, which provide pre-determined guidelines for voting proxies, was designed to remove any potential conflicts of interest Welch & Forbes may have that could affect the outcome of a vote. By adopting the Policies, Welch & Forbes has essentially removed discretion that Welch & Forbes would have otherwise had to determine how to vote proxies in cases where Welch & Forbes has a material conflict of interest.

Notwithstanding the appointment of the proxy agent, there may be some instances where Welch & Forbes votes proxies. Specifically, there may be a situation where the proxy agent itself may have a material conflict of interest with respect to a proxy vote that it is voting on Welch & Forbes' clients' behalf. In those situations, the proxy agent is obligated to fully or partially abstain from voting the proxy, and Welch & Forbes' IC will provide the voting recommendation after a review of the vote(s) involved. Welch & Forbes' Chief Compliance Officer must approve any decision made on such vote prior to the vote being cast. The Chief Compliance Officer will also become involved in any other situation, though expected to be rare, where Welch & Forbes determines to remove voting discretion from the proxy agent. In both of the preceding circumstances, Welch & Forbes will work to ensure that prior to a vote being made, conflicts of interest are identified and material conflicts are properly addressed such that the proxy may be voted in the best interest of clients.

In instances where Welch & Forbes (as opposed to the proxy agent) votes proxies, the Chief Compliance Officer (or his/her designee) is responsible for identifying potential conflicts of interest in regard to the proxy voting process. Examples of potential conflicts of interest may include:

- Welch & Forbes has a material business relationship with a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast; and
- The Firm or portfolio managers have a business or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships.

In such an instance where Welch & Forbes is voting a proxy and a potential conflict of interest has been identified, the Chief Compliance Officer or his/her designee will obtain the relevant clients' consent before voting. The Chief Compliance Officer or his/her designee will provide the clients with sufficient information regarding the shareholder vote and Welch & Forbes' potential conflict so that each client can make an informed decision concerning whether or not to consent. Any identified proxy voting conflicts would typically be submitted to the IC for review.

Shareblocking

In general, Welch & Forbes may decline to vote proxies if to do so would cause a restriction to be placed on the Firm's ability to trade securities held in client accounts in "share blocking" countries. Share blocking, if applicable, is a mechanism that prevents investors in certain foreign securities who wish to vote their shares from trading during a period prior to the issuer's annual meeting. Accordingly, Welch & Forbes may abstain from votes in a share blocking country in favor of preserving its ability to trade any particular security at any time.

A copy of the Welch & Forbes' proxy voting policies and the proxy voting record (how a client's securities were voted) is available upon request by contacting Welch & Forbes at the contact information listed in "Item 1 – Cover Page" of this Brochure.

Item 18 – Financial Information

Welch & Forbes has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients and Welch & Forbes has not been the subject of a bankruptcy proceeding.