



NORTHEAST INVESTMENT MANAGEMENT, INC.

INVESTMENT ADVISORS AND TRUSTEES

**100 High Street, Suite 1000
Boston, Massachusetts 02110-2301
(617) 523-3588 Phone
(617) 523-5412 Facsimile
www.northeastinvest.com**

Firm Brochure
(Part 2A of Form ADV)
March 15, 2017

This brochure provides information about the qualifications and business practices of Northeast Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (617) 523-3588 or rmanoogian@northeastinvest.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Northeast Investment Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

Northeast Investment Management, Inc. is an SEC registered investment advisor. Registration of an investment advisor does not imply a particular level of skill or training.

ITEM 2 - MATERIAL CHANGES

This Brochure, dated March 15, 2017, is an updated version of the firm's Brochure dated March 15, 2016 and reflects material changes to our advisory business since the March 15, 2016 Brochure filing.

On January 1, 2017, Nancy M. Mulligan was named President of Northeast Investment Management, Inc. replacing long-time President William A. Oates, Jr.

On February 14, 2017, principal owner and former President William A. Oates, Jr. died. At the time of his death, Mr. Oates owned 61.5% of the outstanding shares of Northeast Investment Management, Inc. All remaining outstanding shares were owned equally by John F. Francini, Jr., Richard G. Manoogian, Thomas B. Moore, Nancy M. Mulligan and Justin E. Oates. Following his death, ownership of Northeast Investment Management, Inc. is shared equally by John F. Francini, Jr. (20%), Richard G. Manoogian (20%), Thomas B. Moore (20%), Nancy M. Mulligan (20%) and Justin E. Oates (20%).

This Item will continue to be used to provide clients with a summary of material changes that are made to this Brochure. We will also reference the date of the last annual update of our Brochure.

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end. Additionally, we will provide you with a new Brochure as necessary based on changes or new information. A copy of our Brochure is also available via the SEC's web site www.adviserinfo.sec.gov or on our website at <http://www.northeastinvest.com> [Investment Management/Forms section] or by contacting us directly at (617) 523-3588.

ITEM 3 - TABLE OF CONTENTS

Item 1	Cover	Page 1
Item 2	Material Changes	Page 2
Item 3	Table of Contents	Page 3
Item 4	Advisory Business	Page 4
Item 5	Fees and Compensation	Page 5
Item 6	Performance-Based Fees and Side-By-Side Management	Page 6
Item 7	Types of Clients	Page 6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	Page 7
Item 9	Disciplinary Information	Page 8
Item 10	Other Financial Industry Activities and Affiliations	Page 8
Item 11	Code of Ethics	Page 9
Item 12	Brokerage Practices	Page 10
Item 13	Review of Accounts	Page 11
Item 14	Client Referrals and Other Compensation	Page 11
Item 15	Custody	Page 12
Item 16	Investment Discretion	Page 12
Item 17	Voting Client Securities	Page 13
Item 18	Financial Information	Page 13

ITEM 4 - ADVISORY BUSINESS

Northeast Investment Management, Inc. ("NIM") is a corporation organized under the laws of the Commonwealth of Massachusetts with its office located in Boston. The company was formed in 1984 as Guild, Monrad and Oates and reorganized in 1987 as Northeast Investment Management, Inc. The owners are John F. Francini, Jr. (20%), Richard G. Manoogian (20%), Thomas B. Moore (20%), Nancy M. Mulligan (20%) and Justin E. Oates (20%).

NIM provides investment advisory services on a discretionary and non-discretionary basis for custodial accounts - where assets are held by NIM's qualified custodian, and for non-custodial accounts - where assets are held by a client's third party custodian (see Item 15 - Custody). NIM's portfolios are tailored to each client's individual needs - be it to build, preserve or steward wealth. Clients may impose restrictions on investing in specific securities or types of securities. In addition to providing investment advisory services, NIM's portfolio managers may provide financial planning and estate planning services and may serve as personal trustees. These services are included in the client's investment counsel fee. Financial planning involves managing a client's personal finances in an effort to achieve their long-term investment, educational, retirement or charitable goals. NIM recognizes that this planning process is ongoing and is likely to change as clients enter different life-stages and encounter different life-needs. NIM also provides ancillary services such as income and gift tax preparation, estate settlement, bill paying and general consulting - for which a separate fee is charged (see Item 5 - Fees and Compensation).

NIM's investment advisory services are explained to the client in its *Investment Counsel Agreement*. Although the Agreement is ongoing, it may be canceled by either party with thirty (30) days' written notice to the other.

NIM is associated with Northeast Investors Growth Fund and Northeast Management and Research Co., Inc. - the investment advisor to Northeast Investors Growth Fund (see Item 10 - Other Financial Industry Activities and Affiliations).

NIM has been approved by RBC Wealth Management ("RBC") to participate in a program that offers RBC clients the services of outside investment management firms. RBC clients who participate in this program are charged a single wrap fee by RBC which combines the costs of security transactions execution, custody of the assets and investment advisory services (see Item 5 - Fees and Compensation). The decision to use this type of service is made solely by the RBC broker and his or her client.

As of December 31, 2016, Northeast Investment Management, Inc. had approximately \$1.38 billion of assets under management; \$1.354 billion discretionary and \$26 million non-discretionary.

ITEM 5 – FEES AND COMPENSATION

All investment counsel fees are established in the client's *Investment Counsel Agreement*. NIM's stated fee schedule is as follows:

	<u>MARKET VALUE</u>	<u>RATES</u>
First	\$ 1,000,000	1.25%
Next	1,000,000	1.00%
Next	1,000,000	0.75%
In excess of	3,000,000	0.50%

Fees may be negotiated. Factors considered include – but are not limited to - the nature and type of assets to be managed and the existing relationship the client has with NIM. Some fee arrangements are based on a fixed dollar amount or include a fixed dollar component and could therefore exceed the fees in the fee schedule set forth above. All investment counsel fees paid to NIM are exclusive of brokerage commissions (see Item 12 – Brokerage Practices). In addition, clients sometimes incur certain charges imposed by third parties such as legal fees, deferred sales charges, wire transfer and electronic fund fees, express mail and shipping fees, class action filing fees and securities valuation fees for estate settlement purposes.

NIM calculates its investment counsel fee on the market value of assets under management at the end of each calendar quarter. Investment counsel fees are payable soon after the end of each calendar quarter or as close to such dates as reasonably possible.

For custodial accounts, investment counsel fees begin on the funding date which is the date NIM first takes custody of assets. For that calendar quarter, investment counsel fees are adjusted *pro rata* based upon the number of calendar days in the calendar quarter that NIM first took custody of assets. NIM charges its investment counsel fee directly to the client's custodial account or – upon client's written consent – to a related custodial account.

For non-custodial accounts, investment counsel fees begin on the effective date of the Agreement. For that calendar quarter, investment counsel fees are adjusted *pro rata* based upon the number of calendar days in the calendar quarter in which the *Investment Counsel Agreement* became effective. NIM invoices its investment counsel fee or – upon client's written consent – charges its investment counsel fee directly to the client's custodial account. NIM uses the statement market value provided by the client's third party custodian in order to calculate its investment counsel fee.

In the event of termination, the investment counsel fee is prorated through the date of termination or the month end prior to the date of termination if the termination date market value is unavailable. The proration is based on the ratio of the number of days that assets were under management to the number of days in the quarter.

No investment counsel fee is charged with respect to investments in Northeast Investors Growth Fund. An investment counsel fee is charged, however, on any other funds managed by any other advisor.

NIM charges a separate fee for estate settlement, tax preparation, bill paying and general consultation. These fees vary as they are based on a number of factors. For example, estate settlement fees are typically based on the value of the estate and the relationship the client has with NIM. Tax preparation fees are typically based on the type of tax form(s), types of investments, nature of cash receipts and disbursements, trade activity, filing requirements and regulatory developments. Bill paying fees are typically based on volume of activity and complexity of work. Finally, NIM occasionally provides general consulting services to non-advisory clients – clients whose assets are not managed by NIM. In these instances, NIM charges a fixed fee which is negotiated on a case-by-case basis.

NIM has been approved by RBC to participate in its wrap fee program. NIM currently manages the investment portfolios for 13 such accounts and charges RBC an annual fee that ranges from 0.5% to 1% of the asset value of each account. Because the wrap fee paid by the client to RBC covers the cost of custody, trades are executed through RBC.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

NIM does not charge performance based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). In addition, neither NIM or its associates or personnel, manage hedge funds or other accounts with performance based fees.

ITEM 7 – TYPES OF CLIENTS

NIM provides services to individuals, families, trustees, executors, personal representatives, family offices, charitable institutions and small businesses. NIM typically requires a minimum dollar value of assets under management of \$500,000. However, under various circumstances, NIM may accept portfolios with a dollar value of less than \$500,000.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

NIM develops investment strategies aimed at meeting client-specific objectives and constraints. NIM's strategies are developed through its investment committee and implemented through its portfolio managers.

Investment ideas are generated internally. These ideas are the result of internal research and information gleaned from company presentations, industry conferences, street analyst meetings, and independent third party research. Ideas are presented at investment meetings. Individual portfolio managers make the final investment decision with particular attention to client needs, objectives and risk tolerances.

NIM does not engage in Principal, Agency Cross or Internal Cross transactions. A Principal transaction occurs when the advisor buys securities for its own inventory from a client or sells securities from its own inventory to a client. An Agency Cross transaction occurs when an advisor acts as a broker and executes a trade with an advisory client on one side of the transaction and a non-advisory client on the other. An Internal Cross transaction occurs when an advisor acts as a broker and executes a trade between two advisory clients whereby one advisory client effectively sells a security to another advisory client.

All investments involve some degree of risk. While NIM's investment approach seeks to manage losses, no approach – including NIM's - can eliminate it. NIM manages risk by: 1) diversifying portfolios both in terms of asset classes and individual securities within each asset class, 2) knowing and understanding the investments made, and 3) closely monitoring clients' investments. NIM in no way guarantees performance or results. Investors should always be aware of the following risks:

- **Market Risk:** The potential for decline in the value of investments over time due to economic changes that impact large portions of the market.
- **Inflation Risk:** The potential decrease in value and/or purchasing power of an investment due to general upward price movement of goods and services
- **Interest Rate Risk:** The potential reduction in value of an asset – particularly a bond – resulting from a rise in interest rates.
- **Currency Risk:** The possibility that a business' operations or an investment's value will be affected by changes in exchange rates.
- **Business Risk:** The potential loss in value of a company due to events and conditions associated with a particular industry or the company itself.
- **Liquidity Risk:** The potential difficulty in selling an asset.

ITEM 9 – DISCIPLINARY INFORMATION

NIM is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of its business or the integrity of its management. Neither NIM nor its management has any reportable disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

NIM is affiliated with Northeast Management and Research Co., Inc. (“NMR”) through common management (see below). NMR is the investment advisor to Northeast Investors Growth Fund (“NEIG”), an investment company having an address at 100 High Street, Suite 1000, Boston, MA 02110. Some clients of NIM own shares of NEIG.

Nancy M. Mulligan is the President, a Director and beneficial owner of 20% of the outstanding shares of NIM; the President and a Director of NMR; the President and a Trustee of NEIG.

John F. Francini, Jr. is a Director and beneficial owner of 20% of the outstanding shares of NIM; a Director and Officer of NMR; an Officer of NEIG.

Richard G. Manoogian is a Director, Chief Compliance Officer and owner of 20% of the outstanding shares of NIM and the Chief Compliance Officer of NMR and NEIG.

ITEM 11 – CODE OF ETHICS

It is expected that all personnel of NIM conduct business with the highest level of ethical standards. NIM has a duty to exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first, and to refrain from having outside interests that conflict with the interests of its clients. NIM is committed to avoiding any circumstances that might adversely affect, or appear to affect, its duty of complete loyalty to its clients. All personal securities transactions are to be conducted in such a manner as to be consistent with the Code of Ethics, including the specific provisions of NIM's policy on Insider Trading, and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility. All information concerning the identity of NIM's clients (including former clients), and the security holdings and financial circumstances of those clients, is confidential.

Every employee of NIM is subject to NIM's Code of Ethics. As such, certain restrictions apply to the purchase or sale of securities for their own accounts and for the accounts of certain affiliated persons. The aforementioned restrictions limit the employee's personal trading by establishing blackout trading periods and minimum market capitalization requirements of the securities they trade. Additionally, all such personal securities transactions must be pre-cleared by NIM's Chief Compliance Officer. Employees further certify their personal trades within thirty days after the end of the calendar quarter in which such transactions are effected.

NIM often recommends and trades for client securities that are also owned by employees of NIM. These include the publicly-offered securities of Northeast Investors Growth Fund with respect to which NIM does not charge any investment counsel fee.

NIM's Code of Ethics also includes limitations on giving and receiving gifts, serving on boards, engaging in electronic communications, willfully making material misstatements, disseminating false rumors and making political contributions for the purpose of obtaining or retaining business. All employees are required to attend Code of Ethics training annually; training is conducted by the Chief Compliance Officer.

NIM forbids any employee from trading, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law. This conduct is frequently referred to as "insider trading." NIM's policy applies to every employee and extends to activities within and outside their duties at NIM. Every employee must read, sign and retain this policy statement. A complete copy of NIM's Code of Ethics may be obtained by calling NIM at (617) 523-3588.

ITEM 12 – BROKERAGE PRACTICES

For custodial accounts, NIM generally has full discretion in the selection of brokers but clients have the option to purchase investment products through other brokers or agents. The discretion is delineated in the *Investment Counsel Agreement*.

In selecting brokers to effect securities transactions for custodial accounts pursuant to discretionary brokerage authority, NIM selects brokers who it believes are financially stable, will effectively and efficiently execute, report, clear and settle the order and have agreed to execute securities trades in accordance with NIM's discretionary broker commission schedule. NIM's current discretionary broker commission schedule is \$0.04 per share on all trades. NIM uses its best efforts to obtain information as to the general level of commission rates being charged by the brokerage community from time to time and evaluates the overall reasonableness of NIM's discretionary broker commission schedule by reference to such data.

The receipt of research services may be a factor in selecting a broker, but NIM does not direct client transactions to a broker in exchange for soft dollar benefits received by NIM. Research services include not only a wide variety of reports on such matters as economic and political developments, industries, companies, securities, stock and bond market conditions and projections, daily price quotations of securities and portfolio strategy, but also meetings with management representatives and with other analysts and specialists. These services may not benefit all clients equally.

NIM maintains a Broker Commission Committee (the "BCC"). The committee is comprised of representatives from the compliance department and investment management staff is responsible for administering NIM's Best Execution and Soft Dollar Policy. The BCC convenes on a quarterly basis to examine trades for the purpose of determining quality of execution. Quantitative trading data from various sources such as Bloomberg is employed to assist in this review process. The BCC also reviews actual order flow allocations. If significant deviations from targeted allocations occur, the BCC investigates such deviations and may consider revising the allocation.

Annually, the BCC reviews: (1) the list of all broker-dealers to which NIM plans to give commission business in that calendar year and (2) the targeted commission per broker (in percentage or dollar terms) and the purpose for such order flow allocation. In addition, the BCC examines the business relationships and potential conflicts of interest with all broker-dealers over the past year. The BCC reviews all soft dollar products and services to identify if any such services are non-research or mixed use. As stated above, NIM does not engage in directed brokerage in return for soft dollar products or services. The BCC completes an Annual Broker Survey and collectively rates its list of approved broker-dealers.

With respect to trade processing, NIM sometimes aggregates trades for custody accounts. Participating clients share the costs of an aggregated order on a *pro rata* basis. In addition, participating clients receive the average share price for all transactions of a given order if the order is filled through a series of transactions over the course of time. When trades are

aggregated, the individual accounts participating in the purchase or sale and the number of shares each account is purchasing or selling is determined in advance after an individual analysis of that client's portfolio and overall situation - not through a post-trade allocation process. If an order cannot be completely filled in one day, the partial fill will be allocated in the same proportion as the original pre-trade allocation for the entire share order – not through a post-trade allocation process.

On occasion, NIM may not be able to aggregate trades in a given security since client accounts are reviewed on an individual basis - with specific consideration given to individual investment goals, risk tolerance, tax cost and current realized capital gain situation, current cash position and other factors. In these instances, the trade price for a given security will differ among clients trading in the same security, on the same day or over a period encompassing several days. Non-custodial account trades are not aggregated as they are executed through the non-custodial client's broker.

NIM's discretionary authority with respect to brokerage placement decisions is sometimes limited by the client and not at the request, recommendation or direction of NIM. For example, some clients require that all securities transactions be effected through a particular broker. This is typical with non-custodial accounts where the client's trades are executed by their custodian/broker. In this context, NIM generally has no control over the execution of the trade or the brokerage commission charged and this often results in higher brokerage commissions.

ITEM 13 – REVIEW OF ACCOUNTS

Client accounts are typically reviewed quarterly but may be reviewed at different intervals. Accounts may be reviewed more frequently depending on economic and market conditions. Additionally, circumstances pertaining to specific stocks, changes in a client's needs or objectives, or life changing events may trigger additional reviews.

Client accounts are managed by a team consisting of two officers with one officer designated as the primary portfolio manager. The team is responsible for reviewing the account, and the number of accounts managed by each team varies widely, as do the accounts reviewed by each primary portfolio manager.

Clients receive statements from their qualified custodian, at least quarterly (see Section 15 – Custody). Upon request, performance statements are provided to custodial account clients.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Other than compensation described in Item 5 – Fees and Compensation, NIM does not receive an economic benefit from anyone other than its clients. NIM does not compensate anyone for client referrals.

ITEM 15 – CUSTODY

NIM has appointed SEI Private Trust Company (“SEI”), 1 Freedom Valley Drive, Oaks, Pennsylvania, 19456, as its qualified custodian. Accounts in which assets are held by SEI are considered “custodial” accounts. Assets of custodial accounts are held in separate accounts by SEI and in the name of each individual account owner. However, the custody agreement is between SEI and NIM. SEI therefore relies solely upon the direction of NIM in connection with – but not limited to - authorizing disbursements, authorizing the deduction of fees, establishing client statements and performing general account maintenance. For these reasons NIM is deemed to have custody of its clients’ assets. As a result, NIM is subject to a surprise audit and accordingly arranges with an independent auditor to assess its assertion that it is compliant in all material respects. Custodial fees assessed by NIM’s qualified custodian are charged to and paid by NIM.

SEI delivers statements, at least quarterly, to each client of NIM for whom SEI acts as NIM’s qualified custodian. These statements include a market appraisal of the account detailing each security held, cost and market value as well as a chronological listing of all transactions for the period. Upon request, clients receive statements on a more frequent basis.

Some clients require that their assets be held by their preferred third party custodian and not by NIM’s qualified custodian; these are “non-custodial” accounts. In these instances, the custody agreement is between the client and their third-party custodian. NIM does not have discretion to authorize disbursements, deduct fees, establish client statements or perform general account maintenance

For non-custodial accounts, statements are sent by the third-party custodian directly to the client. In instances where NIM also sends its own statement to the client, NIM’s statement includes a legend urging the client to compare the information provided on its statement with the information provided by the third-party custodian. The legend also includes a notice stating that NIM uses the third-party custodian’s market value for the purpose of calculating its investment counsel fee.

ITEM 16 – INVESTMENT DISCRETION

NIM usually receives discretionary investment authority from its clients which occurs at the outset of the relationship through the *Investment Counsel Agreement*. Approximately 98% of NIM’s clients have provided NIM with discretionary authority.

ITEM 17 – VOTING CLIENT SECURITIES

NIM has full discretion as to proxy voting with respect to securities held by its qualified custodian. This authority is delineated in the *Investment Counsel Agreement*. Written proxy voting guidelines have been established by NIM's Board of Directors. The purpose of these guidelines is to: (1) promote the accountability of a company's management and board of directors to its shareholders, (2) align the interests of management with those of shareholders; and (3) increase disclosure of a company's business and operations. The proxy voting guidelines generally address proposals submitted to shareholders of six types:

1. Proposals seeking approval of equity-based compensation, including stock option plans,
2. Proposals relating to changes in corporate control,
3. Proposals that affect shareholder rights, including voting rights,
4. Proposals for the election of directors,
5. Proposals relating to social and corporate responsibility issues, and
6. Proposals for the approval of independent auditors.

A copy of the complete Proxy Voting Guidelines and the company's voting record may be obtained by calling NIM at (617) 523-3588. The complete Proxy Voting Guidelines may also be downloaded from NIM's website at www.northeastinvest.com.

From time to time, securities held in clients' account are the subject of class action lawsuits. NIM has no obligation to determine if securities held by a client are subject to a pending or resolved class action lawsuit. NIM has authority, but not the obligation, to participate in class action lawsuits and to submit proofs of claim thereof with respect to securities that were purchased, sold or held while in NIM's custody via its qualified custodian. This is explained in the *Investment Counsel Agreement*. NIM employs a third-party service provider to perform this service. NIM does not charge for this service, however, any fees charged by the provider are deducted from the clients' proceeds obtained in connection with such litigation.

For non-custodial accounts, proxy voting as well as decisions as to participation in class action lawsuits and the submission of proofs of claim thereof are the responsibility of the client. This is explained in the *Investment Counsel Agreement*.

ITEM 18 – FINANCIAL INFORMATION

In certain circumstances, registered investment advisors are required to provide you with certain financial information or disclosures about their financial condition. This occurs when the advisor requires or solicits prepayment of more than \$500 in fees per client six months or more in advance - which NIM does not. NIM does not foresee any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Furthermore, NIM has never been subject of a bankruptcy petition.