

BUTTONWOOD FINANCIAL GROUP, LLC

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March 26, 2015

This Wrap Fee Program Brochure (“Wrap Brochure”) provides information about the qualifications and business practices of Buttonwood Financial Group, LLC. If you have any questions about the contents of this Wrap Brochure, you may contact us at (816) 285-9000 or frank@buttonwoodfg.com to obtain answers and additional information.

Buttonwood Financial Group, LLC is a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration of an investment adviser does not imply any level of skill or training. The information in this Wrap Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Buttonwood Financial Group, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Wrap Brochure, dated March 26, 2015, represents the annual updating amendment of the previously published annual update Wrap Brochure for Buttonwood Financial Group, LLC.

Since the filing of the firm's last annual update Wrap Brochure on March 27, 2014, subsequently amended July 31, 2014, we have made various minor changes to our Wrap Brochure, but have made no material changes.

Pursuant to SEC rules, we will provide a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Wrap Brochure may be requested by contacting Frank Drinkwine, Chief Compliance Officer of Buttonwood Financial Group, LLC at (816) 285-9000 or frank@buttonwoodfg.com.

Item 3 – Table of Contents

	<u>Page</u>
Item 1	Cover Page..... i
Item 2	Material Changes..... ii
Item 3	Table of Contents iii
Item 4	Services, Fees and Compensation 1
Item 5	Account Requirements and Types of Clients..... 7
Item 6	Portfolio Manager Selection and Evaluation..... 8
Item 7	Client Information Provided to Portfolio Managers..... 16
Item 8	Client Contact with Portfolio Managers 17
Item 9	Additional Information..... 18

Item 4 – Services, Fees and Compensation

Buttonwood Financial Group, LLC (“Buttonwood” “we” or “us”) is an independent SEC registered investment advisory firm located in Kansas City, Missouri. We provide fee-based investment management, investment consulting, and financial planning services to our clients. These services can be provided individually on a stand alone basis or as part of a comprehensive “Family CFO” package. Services can be purchased through Buttonwood’s “Wrap Fee Program” where trading costs are included, or outside of the Wrap Fee Program, where trading costs are not included.

The firm has been in business since 2002 and has been registered with the SEC as an independent investment advisory firm since 2009. Jon McGraw is the owner and president of the firm.

Buttonwood’s Services

We help our clients coordinate and prioritize their financial lives with all aspects of their life goals. Our investment advisory services include development of client specific strategic asset allocation plans, security and investment product (or manager) due diligence and recommendation, investment implementation, monitoring and portfolio rebalancing activities, ongoing supervision of investments and regular client investment and performance reporting.

We offer services for our clients by acting in the capacity of their Family CFO. We work with a network of experts who share the sole purpose of helping clients and their families achieve their Wealth Management goals. We simplify complex financial matters, saving our clients time and money. As Family CFO, we provide personalized consulting services to address the unique needs of our clients and their family. Below are a few of the areas in which we assist families:

- Comprehensive financial planning
- Integrated, tax sensitive, investment management
- Multi-generational wealth transfer strategies
- Legacy/philanthropic planning
- Estate planning
- Business entity planning
- Retirement planning
- Education planning

For clients who do not require “Family CFO” or “family office” services, we assist in the coordination of financial and related services on a stand alone basis. These services may be provided by us (see Part 2A of the Form ADV Brochure) or by third party providers in coordination with us (for example: legal and tax advice, tax compliance and reporting). These services may include but are not limited to:

- Comprehensive investment planning, and development of investment policy statement(s) and strategic asset allocation target(s)
- Financial independence/retirement planning

- Capital and liquidity needs analysis, and related financial modeling
- Income tax planning
- Estate planning
- Philanthropy planning and implementation
- Education planning
- Insurance review/risk management (including insurance analysis for life, disability and other lines of personal insurance in coordination with third party insurance providers)
- Executive compensation planning strategies
- Business Retirement Plan needs analysis

We sponsor a Wrap Fee Program designed to connect our Clients with professional money managers and investment vehicles suitable for their financial circumstances and investment objectives. (A “wrap fee” program means that the Client will pay a single advisory fee for all the services provided by Buttonwood, our designated brokers and custodians, or a Third Party Asset Manager (TPAM), including investment management, brokerage, custody, and other services.)

We emphasize continuous personal Client contact and interaction in providing mainly discretionary investment supervisory services. Further, we work with Clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement Client financial goals and objectives. We may create a portfolio, consisting of, but not limited to individual stocks or bonds, exchange traded funds, no-load funds and/or load-waived funds (commissions will not be charged).

Each portfolio will be initially designed to meet a particular investment goal, which we have determined to be suitable to the Client’s circumstances. Once the appropriate portfolio has been determined, we will review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the Client’s individual needs, stated goals and objectives. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Wrap Fee Program assets will generally be managed by us on a discretionary basis. We will review the Wrap Fee Program assets on a regular and continuous basis and make changes as we deem appropriate. Because the Wrap Fee Program Accounts will generally be managed on a discretionary basis, we may implement any changes without the Client’s prior approval. The Client agrees to review trade confirmations received from the Client’s custodian and notify us immediately of any errors.

Brokerage and Custody of Program Accounts

We will direct transactions for Wrap Fee Program Accounts to broker-dealers that the Client and Buttonwood jointly agree upon. In recommending broker-dealers, we seek “best execution” for Client accounts, which is a combination of a number of judgmental factors including price, execution quality and Client needs. Recognizing the value of these judgmental factors, brokers selected or recommended may charge commissions that are higher than the lowest commissions that might otherwise be available.

We have a relationship with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, Member SIPC, to maintain custody of Clients’ assets and to effect trades for their accounts. Buttonwood is independently owned and operated and not affiliated with Schwab. Schwab will provide custody and execution services in accordance with the terms set forth in their custodial agreement. We reasonably believe that in the case of managed accounts, Schwab’s blend of execution services, commission and transaction costs as well as professionalism allows us to seek best execution and competitive prices.

Program Fees

Under the all-inclusive billing alternative, we will assess one Client fee (the “Program Fee”) that captures the management, brokerage and administrative portions collectively. The annual Program Fees payable to Buttonwood may be fixed in the form of an ongoing retainer fee, may be asset based as a percentage of Assets Under Management (“AUM”), or may be a combination of both (for more comprehensive arrangements.) Fees may be negotiable in some cases depending on complexity of relationship (e.g. “Family CFO” services), size of account, and other factors.

The standard AUM fee schedule is shown below.

AUM FEE SCHEDULE: Portfolio Management through Buttonwood’s Wrap Fee Program

\$10,000,000 and above is priced only on case by case basis		
\$5,000,001 - \$10,000,000	.....	0.65%
\$2,500,001 - \$5,000,000	.....	0.80%
\$1,000,001 - \$2,500,000	.....	0.95%
\$500,001 - \$1,000,000	.....	1.10%
\$000,001 - \$500,000	.....	1.25%

The fee schedule is graduated, which means that the first \$500,000 in assets are billed at 1.25%, the next \$500,000 are billed at 1.10%, and so on.

Where we manage the portfolios of one or more immediate family members, we will aggregate and bill the portfolio as a family account. When an individual or family account moves upward or downward during the quarter to the next tier, the amount which is in the new tier will be billed that respective tier’s percentage fee for the entire quarter.

The above fees are charged on a pro-rata basis in advance. They are inclusive of all trading costs. In some cases, Clients account termination fees may be absorbed by us when accounts are being transitioned to us for management from another firm. Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, safekeeping fees, interest charges on margin loans, and fees for transfers of securities. Also, we may modify the terms of a Client’s fee agreement by giving the client 30 days written notice in advance of the change.

Fees are based on the fair market value of the portfolio under management at the closing date of each quarter (March 31, June 30, September 30, and December 31). In the event that the Client terminates the managed account between quarterly billing cycles, the Client will receive a pro-rata refund based on the amount of time their account has been under management and the time remaining within the calendar quarter.

What services are covered by the Program Fees? The Program Fees pay for Buttonwood's advisory services to Clients under the Program, administrative expenses of the Program, custody charges for Clients custodied at Schwab and brokerage services for Program accounts to the extent trades are conducted through Schwab.

What services are not covered by the Program Fees? The Program Fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than Schwab and custody charges if Clients are custodied anywhere other than Schwab. Finally, the Program Fees do not include, among other expenses, those expenses of mutual funds and exchange traded funds that may be included in the Client's portfolio, odd-lot differentials, SEC or other regulatory fees, wire transfer fees, alternative investment fees, mark-up/mark down.

We also offer investment consultation or financial planning services as part of a Wrap Fee Arrangement, or may provide separately at an hourly rate or for a fixed fee (see Part 2A of Form ADV Brochure). Our maximum hourly fee is \$250.00 per hour. Fixed fee pricing is developed on a project-by-project basis for each client, depending on the scope of work performed. Payment of project fees on a fixed-fee or hourly rate basis shall be made as agreed by the parties. Under no circumstances will the Client be required to prepay fees for more than six months of such services. Late payments however may be subject to late payment fees.

While our fees include our time and activities necessary for the firm to coordinate and communicate with third party advisors (such as lawyers, accountants, insurance specialist and similar professionals), our fees are exclusive of any fees and costs charged to the Client by any third party advisors.

How are fees charged? Generally, Program fees are charged quarterly in advance. Fees are generally paid directly to us from the account by the custodian upon our submission of an invoice to custodian. Payment of fees may result in the liquidation of a client's securities if there is insufficient cash in the account. In some cases however, fees may be billed to and paid directly by the client. Late payments may be subject to late payment fees. If management begins after the start of a quarter, Program Fees will be prorated accordingly. If a Client terminates an agreement with us, then any balance due to either party shall be settled in a reasonable time frame.

Additional Information about Program Fees. We generally do not offer the services provided under the Program separately. However, Clients may be able to purchase services similar to those offered under the Program from other service providers either separately or as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

We will recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of Clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's Clients, including those accounts under ERISA or IRA rules and regulations, in which case the Client is acting as either the plan sponsor or IRA accountholder.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's Clients' assets are maintained in accounts at Schwab Institutional.

Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to us other products and services that benefit us but may not benefit Clients' accounts. These benefits may include national, regional or Buttonwood specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of Buttonwood by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.

Other products and services may assist us in managing and administering Clients' accounts. These include software and other technology (and related technological training) that provide access to Client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts), provide research, pricing information and other market data, facilitate payment of our fees from Clients' accounts, and assist with back-office training and support functions, recordkeeping and Client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to us by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Buttonwood. While, as a fiduciary, we endeavor to act in our Clients' best interests, our recommendation that Clients maintain their assets in accounts at Schwab may be based in part on the benefit to Buttonwood of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Notwithstanding the above, Buttonwood pays the transaction/execution costs associated with securities trading, and this may present a disincentive for us to trade securities in a Client account. Participation in the Wrap Fee Program may cost more or less than if Clients were to purchase the services separately. Several factors, including trading activity and investment fees, influence the overall costs of managing an account.

Clients may, on their own or through another advisor, invest directly in the same funds or securities available under the Wrap Fee Program without incurring the Program Fee charged by Buttonwood. In this case, however, Clients would not receive the asset allocation, financial planning, wealth management, or professional asset management services offered through us. Furthermore, if Clients invest directly outside of the Wrap Program, Clients may be subject to sales loads, transaction fees, and redemption charges.

Item 5 – Account Requirements and Types of Clients

We provide services to individuals, families, high net worth individuals, businesses, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments and trust programs.

Because each Client is unique, we generally require that they be involved in the initial planning and ongoing review processes. Such involvement does not need to be time consuming, but we want our Clients to remain informed and have a sense of security about their investments.

Although we do not have a minimum account size, we may impose a minimum retainer fee. We also reserve the right to decline accepting an account or to waive a fee depending on the circumstances.

Buttonwood reserves the right to terminate the Wrap Fee Program agreement at any time by written notice to the Client. If we terminate the agreement, the account will become a standard brokerage account with the custodian, subject to all transaction fees, and the Client will no longer receive ongoing monitoring and investment advice with respect to the account and will not be charged Buttonwood's fee. A Client may terminate the agreement by written notice to Buttonwood, and will be responsible for any fees accrued up to the date of termination. Upon termination, the account will become a standard brokerage account with the custodian, subject to all transaction fees. Buttonwood will no longer act in an investment adviser capacity for the Client and will not have any responsibility to monitor the account or to provide investment advice with respect to the account.

Item 6 – Portfolio Manager Selection and Evaluation

GENERAL INVESTMENT STRATEGIES APPLICABLE TO THE OVERALL MANAGEMENT OF THE ACCOUNT

This section contains information on how Buttonwood applies its investment management service to the Client's Account. Buttonwood generally uses both fundamental and quantitative investment strategies to manage the Account. When managing accounts, Buttonwood offers multiple investment strategies to satisfy a wide variety of investor needs, ranging from the most aggressive portfolios (i.e., portfolios that are assigned entirely to equity) to the most conservative portfolios (i.e., portfolios that include only a nominal exposure to equity). Buttonwood will define an appropriate strategy, or long-term target asset allocation, that corresponds to the Client's financial situation, investment time horizon, and risk tolerance.

Information about the Client's investment strategy is located in an Investment Policy Statement, or other document used to determine suitability (collectively, the "IPS").

Buttonwood will manage the Account in a portfolio of mutual funds and ETFs managed by Schwab or non-Schwab advisers. In general, each portfolio's assets will be allocated to mutual funds and/or ETFs that invest in three main asset classes: (1) domestic stocks (U.S. equity securities), (2) international stocks (non-U.S. equity securities), and (3) bond and short-term/money market assets (fixed-income securities of all types and maturities, including lower-quality debt securities). However, Buttonwood may opportunistically invest in mutual funds and ETFs that invest in other asset or sub-asset classes, such as real estate, inflation-protected debt securities, commodities exposure, or other Alternative Investments. The allocation of the Account will depend on your recommended or assigned investment strategy, and may change over time.

Buttonwood will obtain and use information from various sources to assist in making allocation decisions among asset classes as well as the purchase and sale of specific mutual funds and exchange-trade funds (ETFs) and the sale of individual securities. Sources include publicly available information and performance data on mutual funds, ETFs, individual securities, stock markets, bond markets, international markets, and broad-based economic indicators, in addition to third-party and Wall Street research. Buttonwood uses both primary sources (i.e., talking directly with companies, advisers, and portfolio managers) and secondary sources (reports prepared by fund companies, advisers, and other sources that provide data on specific mutual fund and ETF investment strategies, portfolio management teams, portfolio positioning, portfolio risk characteristics, performance attribution, and historical portfolio returns).

In managing the Client's Account, Buttonwood will generally use fundamental, technical, and quantitative investment strategies to pursue the Client's investment objectives. Using a long-term perspective, Buttonwood identifies an appropriate strategy and a corresponding target asset allocation that corresponds to the Client's financial situation, investment time horizon, and risk tolerance. Buttonwood may modify the holdings in the Client's Account to accommodate new fund allocations and fund closures. When Buttonwood makes a decision to place a trade in the target portfolio other than in connection with a rebalancing, Clients will be informed that a change has

been made and a brief rationale for why the change was made will be provided. Schwab will send a prospectus for any new fund not previously held.

For management of individual securities, domestic and international market information may be used to evaluate each security. Capital market data includes historical and projected corporate earnings, the valuation of securities, yields of intermediate and long-term bonds, and the overall price volatility of the stock, bond, and cash markets. Buttonwood will evaluate these securities both in the context of similar securities within the same asset class or industry sector as well as the appropriateness of that security in a Client's portfolio given the Client's individual financial situation, investment objectives, risk tolerance, planned investment time horizon, investment restrictions, and other information provided through the completed IPS.

Periodically, market conditions or an upturn or downturn in a particular security may cause a "drift" in the Account's investment portfolio such that the portfolio's characteristics may deviate from the target asset allocation. When this occurs, Buttonwood may rebalance the Account's holdings to realign the portfolio with the target asset allocation. Buttonwood may reallocate holdings as a result of changes in attractiveness or appropriateness of specific funds or individual securities, or based on the Client's financial situation.

In managing the Client's Account, Buttonwood may decide to adjust allocations for a number of reasons, including, but not limited to, the following:

1. The weighting of a particular asset class, industry sector, fund sector, or individual security that we believe has too much or too little representation in the Account;
2. Changes in the fundamental attractiveness of a particular mutual fund, ETF, or security;
3. Changes in the Client's investor profile;
4. Certain changes in the Client's tax situation, or the tax situation of the investments in the Client's Account

Generally, Buttonwood reviews and adjusts account holdings, as needed, based on the criteria listed above, with additional consideration given to the potential impact of federal income taxes on the Account.

When reviewing the possibility of the sale of a security in your account, we seek, if not otherwise restricted from doing so, to apply tax-sensitive investment management and to account for certain tax factors, including the acquisition date of a security, estimated income tax rate, and unrealized capital gains or losses, as determined by information on record for your Account.

With respect to managing the securities used to fund the Account, Buttonwood considers the following positions to be concentrated, and therefore subject to additional concentration risks:

- A single stock position that is more than 5% of the total equity allocation of the Client's Wrap Program portfolio;
- A single equity or bond sector fund/ETF that is more than 10% of the investable assets in the Client's Wrap Program portfolio;

- A single bond position that is more than 10% of the investable assets in the Client's Wrap Program portfolio;
- A single diversified equity fund, bond fund, or ETF that is more than 25% of the investable assets in the Client's Wrap Program portfolio.

Unless otherwise restricted by the Client, should the Client fund the Account with any concentrated position, Buttonwood will generally sell down such positions within the first 90 days after funding the Account in an effort to appropriately diversify the portfolio, and the Client may incur taxable gains or losses as a result of any such transactions.

INFORMATION REGARDING TAX-SENSITIVE INVESTMENT MANAGEMENT

We rely on information provided by Clients in an effort to provide tax-sensitive investment management. However, we do not offer tax advice and we cannot guarantee the effectiveness of our tax-sensitive investment management techniques in serving to reduce or minimize a Client's overall tax liability or the tax results of a given transaction. We do not actively manage for alternative minimum taxes; state or local taxes; foreign taxes on non-U.S. investments; or estate, gift or generation-skipping transfer taxes.

We regularly consider the potential federal income tax consequences of holding, buying, and selling securities as part of our investment management services in an effort to enhance after-tax returns. Over the long run, this extra level of management is intended to contribute to helping reach the Client's investment goals.

Prior to making trading decisions to buy, hold, or sell mutual funds, ETFs, or other types of securities for the portfolio, Buttonwood considers the following:

Ability to harvest tax losses. Individual funds and ETFs or stock and bond positions may experience price declines, possibly below the Client's adjusted tax basis in the security, as determined by the tax basis information on record for the Account. In such instances, we may choose to realize capital losses in the Account for tax purposes, as determined by the tax basis information on record for the Account. The Client may then be able to use these realized capital losses to offset other capital gains and up to \$3,000 of ordinary income on the Client's federal income tax return, without significantly altering the overall investment attributes of the Account. In cases where a position is sold to realize a capital loss, the position usually will be replaced with a similar investment in order to maintain market exposure.

Seeks to manage exposure to mutual fund distributions. After taking other factors into consideration, we seek to manage exposure to taxable fund distributions. Although we cannot control when or how a fund will make distributions, we consider historical and projected dividend and capital gain distributions when selecting and trading funds for the Account. Nevertheless, it is important to understand that in a given year, due to investment decisions or market conditions, the Client may receive varying levels of taxable fund distributions within the Account. In general, we will not sell a fund merely to avoid a distribution.

Purchase of municipal bond and money market funds, based on factors including tax bracket and estimated tax-equivalent yields. When appropriate, we may invest in municipal bond funds and money market funds (as alternatives to comparable taxable funds) to seek to generate income generally exempt from federal (and state, if a resident of the issuer's state) income taxes. When consistent with overall portfolio objectives, we may also invest in non-state-specific (i.e., national) municipal bond and money market funds to seek to generate income generally exempt from federal income taxes.

Information about taxable gains

Over time, Clients can anticipate that Buttonwood will engage in transactions that could potentially trigger taxable gains. For example, Buttonwood's trading activity will likely trigger taxable gains in the Account if: (1) many or all of the securities in the Account have experienced investment gains since last being traded, or (2) if the portfolio needs to be reallocated to align to a change in the Client's overall investment strategy.

MATERIAL INVESTMENT RISKS

As discussed above, the Wrap Fee Program offers multiple investment strategies to satisfy a wide variety of investor needs, ranging from the most aggressive portfolios (i.e., portfolios that are assigned entirely to equity) to the most conservative portfolios (i.e., portfolios that include only nominal exposure to equity). In general, all the portfolios managed by Buttonwood are subject to the list of investment risks discussed below. However, investment strategies that have a higher concentration of equity have greater exposure to the risks associated with equity investments, such as stock market volatility, and foreign exposure. On the other hand, investment strategies that have higher exposure to fixed income will have greater exposure to the risks associated with those products, such as credit risk, inflation risk, and interest rate risk.

Risk of Loss.

Generally, all investment strategies will involve risk of loss (even a conservative investment strategy will fluctuate in value over time and Clients may lose money). Clients should be prepared to bear such losses in connection with investments in the Wrap Fee Program.

Investments in the Account are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Investments may have limited coverage under the Securities Investor Protection Corporation (SIPC) or other insurance carried by the custodian. However, SIPC provides only limited protection for the loss of property held by a broker-dealer. Clients may lose money by investing in mutual funds. In addition, the mutual funds, ETFs, and any individual securities may be subject to the following risks:

Investing in Mutual Funds and ETFs. Your account bears all the risks of the investment strategies employed by the mutual funds and ETFs held in your Account, including the risk that they will not meet their investment objectives. Different funds have different risks. For the specific risks associated with a mutual fund or ETF, please see its prospectus.

Stock Investments. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other

types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time.

Foreign Exposure. Foreign securities are subject to interest-rate, currency-exchange-rate, economic, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for funds that focus on a single country or region. Foreign markets may be more volatile than U.S. markets and can perform differently than the U.S. market.

Bond Investments. In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities). The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade effectively. Municipal bond funds carry additional risks that are discussed below.

Credit Risk. Changes in the financial condition of an issuer or counterparty, and changes in specific economic or political conditions that affect a particular type of security or issuer, can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Lower-quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

Inflation-Protected Debt Securities. The interest payments of inflation-protected debt securities are variable and usually rise with inflation and fall with deflation.

Derivatives. Certain funds used by Buttonwood may use derivatives. Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the fund's original investment. Many derivatives will give rise to a form of leverage. As a result, a fund may be more volatile than if it had not been leveraged because the leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.

Exchange-Traded Funds (ETFs). ETFs may trade at a discount to their net asset value (NAV) and are subject to the market fluctuations of their underlying investments. ETFs may not track the intended index.

Quantitative Investing. Funds or securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, and market volatility.

Commodity-Linked Investments. These investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities markets as well as by weather, disease, and regulatory developments.

Real Estate. Real estate is a cyclical industry that is sensitive to interest rates, economic conditions (internationally, nationally and locally), property tax rates, and other factors. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

Risks and Limitations Associated with Tax-sensitive Investment Management Techniques.

We will generally attempt to defer realization of short-term capital gains in favor of long-term gains. Buttonwood applies tax-sensitive investment management techniques on a limited basis, at its discretion. Buttonwood does not actively manage for alternative minimum taxes; state or local taxes; foreign taxes on non-U.S. investments; or estate, gift, or generation-skipping transfer taxes. Buttonwood relies on information provided by Clients in an effort to provide tax-sensitive investment management and does not offer tax advice. Buttonwood cannot guarantee the effectiveness of its tax sensitive investment management techniques in serving to reduce or minimize a Client's overall tax liability or the tax results of a given transaction.

The municipal market can be affected by adverse tax, legislative, or political changes, and the financial condition of the issuers of municipal securities. Municipal securities normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If a fund investor is resident in the state of issuance of the bonds held by the fund, interest dividends may also be exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state, local, or federal alternative minimum tax. Certain funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the funds may sometimes generate income subject to these taxes. For federal tax purposes, a fund's distributions of gains attributable to a fund's sale of municipal or other bonds are generally taxable as either ordinary income or long-term capital gains. Redemptions, including exchanges, may result in a capital gain or loss for federal and/or state income tax purposes.

OTHER INFORMATION ABOUT THE MANAGEMENT OF THE ACCOUNT

Clients are entitled to impose reasonable restrictions on Buttonwood's management of their Account. Any management restriction a Client may wish to impose is subject to the review and approval of Buttonwood. Such a restriction may include prohibitions with respect to the purchase of a particular fund or sub-asset class, provided such restriction is not inconsistent with the Buttonwood's stated investment strategy or philosophy, or is not fundamentally inconsistent with the nature or operation of our investment management practices. If a restriction is accepted, assets will be invested in a manner that is appropriate given a Client's restriction. Accounts with imposed management restrictions may experience different performance from Accounts without restriction, possibly producing lower overall results. Account restrictions should be requested through a Client's Investment Advisor Representative.

In the event that Buttonwood or its affiliates make an error that has a financial impact on the Account, Buttonwood or its affiliates will generally return the Account to the position it would have held had no error occurred. This corrective action may result in financial or other restitution to the

Account, or inadvertent gains being reversed out of the Account. Such corrective action may result in a corresponding loss or gain to Buttonwood or its affiliates.

A “wrap fee” program means that the Client will pay a single advisory fee for all the services provided by Buttonwood, Schwab, or a Third Party Asset Manager (TPAM), including investment management, brokerage, custody, and other services. Schwab and Buttonwood retain a portion of the wrap fee for their services as sponsor and investment manager of the program, and Buttonwood may pay a fee to a third party for the back office administration services that party provides to the Client’s Account.

For more information on the fees associated with the Client’s Account, and the fees and charges covered by his or her advisory fee, please see the section on “Fees and Compensation” above.

We do not charge performance-based advisory fees for our services.

Buttonwood’s investment management services generally include discretionary authority to determine which securities to purchase or sell, the total amount of such purchases and sales, and to recommend brokers or dealers through which transactions are effected. As part of the Account Application, the Client will be required to execute a power of attorney that grants Buttonwood discretionary trading authority over his or her Account. However, Buttonwood’s discretionary authority is subject to certain limits, including the applicable investment objectives, policies, and restrictions. These limitations may be based on a variety of factors such as regulatory constraints, as well as those imposed by the Client and agreed on by Buttonwood in accordance with applicable laws.

PROXY VOTING POLICIES AND PROCEDURES

Buttonwood does not vote proxies on behalf of Clients. Additionally, we do not provide advice to Clients on how the Client should vote. Clients will receive proxies and other solicitations directly from their custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative of the Client, who is responsible for voting the proxy.

ASSETS UNDER MANAGEMENT

As of December 31, 2014, we managed approximately \$218,000,000 of client assets on a discretionary basis and \$60,500,000 on a non-discretionary basis through our Wrap Program. We also managed approximately \$74,100,000 on a discretionary basis and \$1,700,000 on a non-discretionary basis outside of our Wrap Program.

Item 7 – Client Information Provided to Portfolio Managers

Because Buttonwood manages all accounts, we do not provide information to outside portfolio managers. However, we do have arrangements with unaffiliated third party providers (“Third Party Providers”) who provide certain administrative services for our Client accounts. These services may include, but are not limited to, back office administration, reporting, etc. Generally, Third Party Providers will have little or no direct contact with our Clients and will not enter into any contracts directly with our Clients. Third Party Providers provide services directly to us and we are responsible for communications with our Clients.

Upon entering into an Investment Advisory Agreement with Buttonwood, Clients authorize us to use Third Party Providers to service their account and agree to allow us to share non-public, personal information with our Third Party Provider teams for the purpose of administering and managing their account. We expect our Third Party Providers to execute a confidentiality agreement and not share Client information with any unauthorized person or entity.

The use of Third Party Providers does not cause Clients to incur any additional fees as we pay these providers for services out of the total advisory fee charged to Clients.

Our designated broker and custodians, and our Third Party Providers will have access to our Client’s relevant account information, including information about the tax characteristics of the securities in the account, on a real-time ongoing basis.

Our investment management is based on the completeness and accuracy of the information Clients have provided to us, including, but not limited to, information about their financial situation, time horizon, and risk tolerance. In particular, our tax-sensitive investment methodology relies on having accurate information about the Client’s overall tax situation as well as the tax basis of the securities in the Client’s Account. If Clients have any changes to their financial or tax situation, they should contact us immediately to ensure we are managing their Account based on the most accurate information available.

Item 8 – Client Contact with Portfolio Managers

Because Buttonwood manages all accounts, Clients should contact their Investment Advisor Representative at Buttonwood regarding any questions associated with their account, or to update their investment policy statement or any of the other information associated with their account. We will act as liaison between the Client and Schwab and/or any Third party Providers, will be responsible for communicating Client information to those parties, and for ensuring appropriate management of the Client's account.

Buttonwood is responsible for all investment advice provided for a Client's account. We will also provide Clients with information about the management of their account from time to time, but, absent special circumstances, representatives at Schwab or any Third Party Provider generally do not meet with Clients or answer Client questions directly.

Item 9 – Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm or the integrity of our management. No principal or person associated with Buttonwood is subject to, nor has ever been subject to, any material legal or disciplinary events.

Other Financial Industry Activities and Affiliations

Certain Investment Advisor Representatives of Buttonwood are also Registered Representatives with Purshe Kaplan Sterling Investments (“PKS”) an independent FINRA member Broker Dealer. PKS is not affiliated with Buttonwood.

Securities and insurance related business may be transacted with advisory Clients and other individuals. We may receive commissions from products sold to Clients. Clients are advised that the fees paid to Buttonwood for investment advisory services are separate and distinct from the commissions earned by any individual for selling Clients insurance or other securities products.

As fiduciaries we must act in the best interest of, and for the benefit of our Clients. As such, we will only transact insurance or securities related business with Clients when the products are fully disclosed, suitable, and appropriate to fit their needs. Further, we must determine in good faith that any commissions paid to our representatives are appropriate as the receipt of commissions by individuals associated with our firm presents a conflict of interest. Clients are informed that they are under no obligation to use any individual associated with Buttonwood for insurance or securities products or services. Clients may use any insurance or brokerage firm or agent they choose. We provide insurance services in order to simplify the implementation of various wealth management strategies.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Buttonwood has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines our high standard of business conduct and fiduciary duty to Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, and personal securities trading procedures, among other things.

A copy of the Code of Ethics is available to any Client or prospective Client upon request by contacting Frank Drinkwine at (816) 285-9000 or frank@buttonwoodfg.com.

We do not have any interest in, own, or manage individual companies that we advise our Clients to buy.

Buttonwood or individuals associated with our firm may buy and sell many of the same securities for their own account that we buy and sell for our Clients. When individuals associated with Buttonwood do own the same securities as our Clients, we will purchase or sell securities for Clients

before purchasing the same for our account or allowing representatives to purchase or sell the same for their own account. In some cases Buttonwood or representatives may buy or sell securities for their own account for reasons not related to the strategies adopted for our Clients. Our employees are required to follow the Code of Ethics when making trades for their own accounts in securities which are recommended to and/or purchased for Clients. The Code of Ethics is designed to help assure that the personal securities transactions will not interfere with decisions made in the best interest of advisory Clients while at the same time, allowing employees to invest their own accounts.

Buttonwood will disclose to advisory Clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of Buttonwood shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public on reasonable inquiry. No person of Buttonwood shall prefer his or her own interest to that of the advisory Client.
2. Buttonwood maintains a list of all securities holdings for itself and for anyone associated with its advisory practice who has access to advisory recommendations. An officer of Buttonwood reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

Review of Accounts

While the underlying securities within accounts are continually monitored, Client accounts are formally reviewed no less than annually. Account reviews are performed by registered investment advisory representatives of the firm. Accounts are reviewed in the context of each Client's stated investment objectives and guidelines.

More frequent reviews may be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; fluctuations in investment markets; loss of confidence of the management of an investment holding; or, changes in the economic climate.

Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly or quarterly basis. We may also provide Clients with periodic written reports summarizing the account activity and portfolio allocations. We urge all Clients to carefully review statements from the custodian and compare these to reports that we may provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Client Referrals and Other Compensation

The vast majority of our new Clients come from introductions made by existing Clients. Accordingly, we do not compensate any unrelated third parties for Client referrals.

Buttonwood receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 4 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Although Buttonwood generally does not refer clients to third party investment managers, we may do so upon client request. In such a situation, Buttonwood may receive compensation from third party investment managers in the form of referral fees. The receipt of these fees may give us an incentive to make recommendations based on our interests rather than yours, which is a potential conflict of interest. If a client is introduced to a third-party investment adviser by us acting as a solicitor, we shall disclose the nature of the solicitor relationship and shall provide each prospective client with a copy of our written disclosure statement and a copy of a written solicitor's disclosure statement disclosing the terms and conditions of the arrangement between us (the solicitor) and the third party investment manager.

Financial Information

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

Buttonwood has no financial or operating conditions which trigger such additional reporting requirements.