



# FORM ADV PART 2A - APPENDIX 1

## WRAP FEE PROGRAM BROCHURE

Prepared in compliance with The Investment Advisers Act of 1940 Rule 204-3(A)

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This brochure provides information about the qualification and business practices of Birchwood Financial Partners, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at: 952.885.9088

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 Birchwood (CRD #169962) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on February 20, 2023, there have been no material changes.

### **Item 3: Table of Contents**

#### **Form ADV – Part 2A Appendix 1 – Firm Brochure**

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## Item 4: Services, Fees and Compensation

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### Firm Description

Birchwood Financial Partners, Inc. formerly Kramer Lothrop Brewer Financial, Inc. ("Birchwood", "We", "Our") has been in business since 1990 and became a Securities and Exchange Commission registered investment advisory firm in 2014. The firm is owned by Dana Brewer, Bridget Handke, Damian Winther, Steve Dixon and Rachel Infante.

Birchwood provides personalized confidential financial planning and investment management primarily to individuals and couples.

We provide a personalized financial planning process that empowers clients to align their financial resources with their goals and values. Our commitment is to give the support and encouragement our clients need to pursue their lifetime goals and live out their dreams.

Our goal is to improve our clients' lives by providing caring, knowledgeable financial advice and solutions which help them seek their lifetime goals and aspirations. We believe that values make a difference and your interests always come first. Our relationship with you is based on integrity, trust and empowerment. Your unique circumstances are the context of any advice we offer.

Birchwood offered investment advice to clients through a wrap fee program ("Program") based on the individual needs of the client. Birchwood no longer offers wrap fee program services to new clients, however, Birchwood does maintain legacy clients that may still be part of the wrap fee program. Birchwood is the sponsor of the Program. The owners who are all investment adviser representatives of Birchwood are responsible for management of the Program accounts.

This disclosure brochure is limited to describing the Program and other information that client should consider prior to establishing an account in the Program. For a complete description of other services offered by Birchwood, clients should refer to Birchwood's Form ADV Part 2A, a copy of which will be provided by Birchwood to client upon request.

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### Program Services

The Program offers clients an asset management account in which Birchwood directs and manages Program assets for client on either a discretionary or non-discretionary basis.

Discretionary - When the client provides Birchwood discretionary authority the client will sign a limited trading authorization or equivalent. Birchwood will have the authority to execute transactions in the account without seeking client approval on each transaction.

Non-discretionary - When the client elects to use Birchwood on a non-discretionary basis, Birchwood will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, Birchwood will obtain prior client approval on each and every transaction before executing any transactions.

Birchwood obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. Birchwood obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Birchwood in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

A Wrap Fee Program is an investment advisory program in which the client pays one fee for both investment advisory services and the transaction costs in the account.

The Program is not based directly upon the actual transaction or execution costs for the transactions within the account. Depending on the underlying investments in your Program and how much trading activity occurs, you may pay more or less than if you chose another advisory program that does not have a wrap fee, or if you chose to pay separately for all of your transaction costs (e.g., pay the advisory fee plus all transaction charges). Your financial advisor will review your investment options with you to determine the best offering for you. You could purchase services similar to those offered in the Program from another unaffiliated financial services provider.

## ERISA PLAN SERVICES

Birchwood provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. Birchwood may act as 3(38) advisor:

**3(38) Investment Manager.** Birchwood can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. Birchwood would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- Birchwood has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Birchwood's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, Birchwood is not providing fiduciary advice as defined by ERISA to the Plan participants. Birchwood will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

Birchwood may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Birchwood and Client.

3. Birchwood has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser on the ERISA Agreement.

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## **Program Fees**

Birchwood offers discretionary or non-discretionary direct asset management services to advisory clients. Fees for these services will be based on a percentage of Assets Under Management as follows:

Portfolio Value		Maximum Annual Fee*	Maximum Quarterly Fee
First \$	Zero	\$ 250,000	1.50%
Next \$	250,001	\$ 500,000	1.50%
Next \$	500,001	\$ 1,000,000	1.25%
Next \$	1,000,001	\$ 5,000,000	1.00%
Next \$	5,000,001	Over	0.75%

\*The fee schedule is a blended schedule whereas when the portfolio value reaches the next threshold, the assets above the threshold are charged the lower percentage.

Birchwood considers cash to be an asset class, and as such is included in fee calculations. Also, to be noted, at times fees will exceed the money market yield. The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the last day of the previous quarter. Accounts opened within a given quarter are charged at the start of the first full quarter.

All quarterly fees are deducted from the account by the custodian unless other arrangements have been made in writing. When the fee is deducted from the account, it will be reflected in the custodian statement. If a client elects to pay Birchwood directly by check, Birchwood will provide the client with an invoice disclosing the fee and how it was calculated.

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with written notice. In the event of termination of the household client will be entitled to a pro-rata refund for the days service was not provided in the final quarter.

If any increase in fees occurs, the client will acknowledge the increase by signing an amended agreement.

In addition to the annual fee, client may also incur certain charges imposed by third parties in connection with investments made through Program accounts, including those imposed by the custodian. These may include, but are not limited to, the following: mutual fund or money market 12b-1 fees, sub-transfer agent fees, omnibus processing fees and networking fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, alternative investment administrative fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund investment management fees, managed futures investor servicing fees, participation fees from auction rate preferred securities, and other charges required by law. Birchwood does not receive any portion of these fees. Further information regarding charges and fees assessed by a mutual fund or variable annuity are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.

Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the account value decreases.

#### ERISA PLAN SERVICES

Fees for these services are charged the same as for direct assets under management as listed above.

Fees are charged based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets).

The fee schedule, which includes compensation of Birchwood for the services is described in detail in Schedule D of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. Birchwood does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Birchwood will disclose this compensation, the services rendered, and the payer of compensation. Birchwood will offset the compensation against the fees agreed upon under this Agreement.

## Item 5: Account Requirements and Types of Clients

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### Account Minimums

Birchwood's Investment Minimum for new clients is generally \$1 million, although exceptions are made in certain circumstances. In general, the following minimums will apply:

Household Age	Minimum Assets
60+	\$1,000,000
50-60	\$750,000
40-50	\$400,000
20-40	\$300,000

### Types of Clients

Birchwood provides investment advice primarily to individuals and high net worth individuals, but also provides investment advice to pension and profit sharing plans, charitable organizations, and corporations or other businesses.

## Item 6: Portfolio Manager Selection and Evaluation

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### Portfolio Manager

The owners of Birchwood, who hold either a Certified Financial Planner™ or a Chartered Financial Analyst (CFA charterholder), manage all Program accounts.

Additionally, advisory representatives will be required to obtain any required regulatory examinations.

When deemed appropriate for the client, Birchwood may engage Sub-Advisors to provide investment and money management services, on a discretionary basis, with regard to the Assets in the account. Sub-Advisors will invest/trade the securities and cash that the Client may from time to time deposit in the Account(s) without prior consultation with Advisor, subject to the investment objectives and restrictions imposed by written notice to Sub-Advisor by Birchwood.

### Conflicts of Interest

Birchwood may receive support services and/or products from Charles Schwab, which assist Birchwood to better monitor and service Program accounts maintained at Charles Schwab. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Birchwood in furtherance of its investment advisory business operations. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by Birchwood to Charles Schwab or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Birchwood and advisory representatives may receive additional non-cash compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

The Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Program account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The annual fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Program account.

Birchwood receives compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what Birchwood would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services. Therefore, Birchwood may have a financial incentive to recommend the Program account over other programs and services. Birchwood acts as the portfolio manager for the Program and retains the management fee less execution costs. This may create a conflict of interest because Birchwood may have a disincentive to trade securities in the account to keep the execution costs low therefore retaining a larger portion of the management fee.

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## **Advisory Business**

Birchwood offers clients an asset management account through the Program in which Birchwood directs and manages Program assets for client.

Clients may impose restrictions on investing in certain securities or types of securities.

In establishing a Program account, client elects to appoint Charles Schwab as the sole and exclusive broker/dealer and custodian with respect to processing securities transactions for the Program account. Birchwood is deemed to have constructive custody because advisory fees are directly deducted from client's account by the custodian on behalf of Birchwood and due to its third party money movement authority.

Securities transactions for Program account are effected without commissions being charged to client. While Birchwood makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of Charles Schwab as the sole broker/dealer and custodian may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through Charles Schwab, Birchwood considered the capabilities of Charles Schwab.

Although client will not be charged a transaction charge for transactions through Charles Schwab, client should be aware that Birchwood will be required to pay transaction charges to Charles Schwab. The transaction charges borne by Birchwood vary based on the type of transactions (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or sub-transfer agent fees that are retained by the custodian in amounts sufficient to cover the majority of trading costs. Client should understand that the cost to Birchwood of transaction charges may be a factor Birchwood considers when deciding which securities to select and whether or not to place transactions in a Program account.

When Advisor engages the services of a Sub-Advisor, the management fees of Sub-Advisor are included in the fees charged by Advisor. It is important to note that when Sub-Advisor is managing assets in the account the trades executed by Sub-Advisor may have transaction charges imposed by a broker/dealer for which the Client will be responsible.

No agency-cross transactions or principal transactions are effected by Birchwood in Program accounts.

Birchwood may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

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## **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Birchwood does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.



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## Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns. The methods of analysis, tools and strategies utilized by Birchwood may include any of the following:

*Fundamental analysis* involves evaluating a security using real data such as company revenues, earnings, return on equity, and profit margins to determine underlying value and potential growth. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

*Cyclical analysis* involves analyzing the cycles of the market. Cyclical analysis may involve inflation risk, market risk, and currency risk.

*Behavioral Finance* proposes psychology-based theories to explain stock market anomalies. It assumes the information structure and the characteristics of market participants systematically influence the investment decisions of individuals as well as the market outcomes.

*Modern Portfolio Theory ("MPT")* assumes investors are risk averse which means when given two assets with the same expected return the investor will choose the less risky one. An investor is only willing to take more risk if the expected return is greater. Therefore, MPT aims to construct a portfolio of investments that has the best possible expected return for the level of expected risk.

*Asset Allocation* is an investment strategy used to balance risk and return according to a client's investment objective, risk tolerance and investment horizon. It is used to manage portfolio volatility by investment in different asset classes.

*Diversification* is a risk management strategy used to reduce the volatility of a portfolio by investing in different asset classes, different market sectors, and/or different companies.

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### Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Clients often execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

Target Name/ Construction Description	Alternatives	Equities	Fixed Income	Cash & Equiv.
<b>Aggressive</b>	<b>0% - 25%</b>	<b>75% - 100%</b>	<b>0% - 25%</b>	<b>0% - 10%</b>
<i>This allocation is for investors who generally have a high tolerance for risk and a long investment time horizon. The main objective of this allocation range is to provide high growth for the investor's portfolio without providing current income. Portfolios in this range may have substantial fluctuations in value from year to year, making this category unsuitable for those who do not have an extended investment horizon.</i>				
<b>Moderately Aggressive</b>	<b>0% - 25%</b>	<b>65% - 85%</b>	<b>10% - 40%</b>	<b>0% - 10%</b>
<i>This allocation is for investors who generally have a relatively high tolerance for risk and a longer time horizon. These investors will generally have little need for current income and seek above-average growth from their investment portfolio. The main objective of this allocation range is capital appreciation and its investors should be able to tolerate moderate fluctuations in their portfolio values.</i>				
<b>Moderate</b>	<b>0% - 25%</b>	<b>50% - 75%</b>	<b>15% - 45%</b>	<b>0% - 15%</b>
<i>This allocation is for investors who generally seek relatively stable growth from their investment portfolio, offset by a low level of income. These investors will generally have a higher tolerance for risk and/or a longer time horizon than more conservative investors. The main objective of this allocation range is to achieve steady portfolio growth while generally limiting fluctuations to less than those of the overall stock markets.</i>				
<b>Moderately Conservative</b>	<b>0% - 25%</b>	<b>35% - 60%</b>	<b>30% - 60%</b>	<b>0% - 20%</b>
<i>This allocation is generally for investors who seek modest capital appreciation and income from the portfolio. These investors will generally have a moderate time horizon or a slightly higher risk tolerance than investors in the conservative range. While this allocation range is still designed to preserve capital, fluctuations in the values of portfolios may occur from year to year.</i>				
<b>Conservative</b>	<b>0% - 30%</b>	<b>0% - 40%</b>	<b>50% - 100%</b>	<b>0% - 30%</b>

*This allocation is for investors who are more cautious, and who generally have a low risk tolerance and/or a short time horizon. These investors will generally seek more liquidity and lower volatility than in the moderately conservative range. The main objective of this allocation range is to preserve capital while providing income.*

#### **Alternate Allocation**

*This allocation is for investors who have risk tolerance, liquidity needs and/or time horizon expectations that are not met by the other asset allocation targets provided. Exposure to market fluctuations and growth expectations will depend on the allocation target used in this option.*

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Investors face the following investment risks and should discuss these risks with Birchwood:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Funding Risk:** The risk that, as a result of mismatches or delays in the timing of cash flows due from or to the client or counterparty in the transactions, the client or counterparty may not have adequate cash available to fund current obligations.
- **Operational Risk:** The risk of loss to the client arising from inadequacies in or failures of system and controls for, monitoring and quantifying the risks and contractual obligations associated with the transactions, for recording and valuing the transactions, or for detecting human errors or systems failures.
- **Credit Risk:** The risk of loss of principal stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.
- **Mutual Funds and Exchange-Traded Funds (ETFs):** An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings.

The trading prices of an ETF's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the ETF's shares trading at a premium or discount to actual NAV. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units. Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Birchwood may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of either hedging against downside market risk or increasing gains in an advancing market; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of either hedging against downside market risk or increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Birchwood, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- *Futures and Options:* Futures and options contracts on securities may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also may carry a high degree of risk.

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

- *Sub-Advisors:* Birchwood may recommend the use of sub-advisors. In these situations, Birchwood continues to perform ongoing due diligence of such managers, but such recommendations rely to a great extent on the Sub-Advisors' ability to successfully implement its investment strategies. In addition, Birchwood does not, nor does it have the ability to, supervise Sub-Advisors on a day-to-day basis.

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## Proxy Voting

Birchwood does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Birchwood will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

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## Item 7: Client Information Provided to Portfolio Managers

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### Description

Birchwood obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the Program account. Birchwood obtains updated information from the client as necessary in order to provide personalized investment advice to the client.

Client will be required to enter into a written agreement with Birchwood in order to establish a Program account. Client will also be required to complete an application with the broker/dealer that will act as custodian for Program account assets.

## **Item 8: Client Contact with Portfolio Managers**

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### **Restrictions**

There are no restrictions placed on clients' ability to contact and consult with the portfolio managers.

## **Item 9: Additional Information**

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### **Disciplinary Information**

#### Criminal or Civil Actions

Birchwood and its management have not been involved in any criminal or civil action.

#### Administrative Enforcement Proceedings

Birchwood and its management have not been involved in administrative enforcement proceedings.

#### Self-Regulatory Organization Enforcement Proceedings

Birchwood and its management have not been involved in legal or disciplinary events related to past or present investment clients.

#### Broker-Dealer or Representative Registration

Birchwood is not a broker-dealer nor does the firm have an application pending to become one. None of the employees of Birchwood are registered representatives of a broker-dealer.

#### Futures or Commodity Registration

Neither Birchwood nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Other Financial Industry Activities and Affiliations**

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There are no other financial activities or affiliations to disclose.

### **Code of Ethics Description**

The employees of Birchwood have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Birchwood employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Birchwood. The Code reflects Birchwood and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Birchwood's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Birchwood may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Birchwood's Code is based on the guiding principle that the interests of the client are our top priority. Birchwood's officers, directors, and other advisors have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

#### Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

Birchwood and its employees do not recommend to clients securities in which we have a material financial interest.

#### Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

Birchwood and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Birchwood with copies of their brokerage statements.

The Chief Compliance Officer of Birchwood is Jill Vilkama. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

#### Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Birchwood does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Birchwood with copies of their brokerage statements.

The Chief Compliance Officer of Birchwood is Jill Vilkama. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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### **Review of Accounts**

#### Schedule for Periodic Review of Client Accounts and Advisory Persons Involved

Account reviews are conducted at least annually or if clients goals or needs change. The reviews are performed by Investment Adviser Representatives of Birchwood.

#### Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

#### Content of Client Provided Reports and Frequency

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Performance reports will be provided by Birchwood at least quarterly to clients with assets under management, exclusive of Assets Held Away.

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### **Client Referrals and Other Compensation**

#### Economic Benefits Provided to the advisory Firm from External Sources and Conflicts of Interest

The Securities and Exchange Commission defines soft dollar practices as an arrangement under which products or services other than execution services are obtained by Birchwood from or through a broker/dealer in exchange for directing client transactions to the broker/dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Birchwood receives economic benefits as a result of commissions generated from securities transactions by the broker/dealer from the accounts of Birchwood. These benefits include both proprietary research from the broker and other research written by third parties.

Schwab provides Birchwood 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 advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, 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.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Birchwood but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Birchwood. 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 our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider 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.

As part of its fiduciary duties to clients, Birchwood endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Birchwood or its related persons in and of itself creates a conflict of interest and may indirectly influence Birchwood's choice of Charles Schwab for custody and brokerage services.

#### Advisory Firm Payments for Client Referrals

Birchwood does not compensate for client referrals.

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## **Financial Information**

### Balance Sheet

A balance sheet is not required to be provided because Birchwood does not serve as a custodian for client funds or securities and Birchwood does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

Birchwood has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### Bankruptcy Petitions during the Past Ten Years

Neither Birchwood nor its management has had any bankruptcy petitions in the last ten years.