

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of REDW Wealth LLC. If you have any questions about the contents of this brochure, please contact us at: 505-998-3200, or by email at: PMADRID@REDW.COM. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.

Additional information about REDW Wealth LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

January 1, 2024

## Material Changes

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### **Annual Update**

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

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

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Since the last published brochure on 6/30/2023, there have been no material changes.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 505-998-3200 or by email at: [PMADRID@REDW.COM](mailto:PMADRID@REDW.COM).

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## Advisory Business

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### **Firm Description**

REDW WEALTH LLC, was founded in 1997 under the original name of Rogoff & Stanley Financial Advisors and is a New Mexico Limited Liability Company. The name was changed to REDW Stanley Financial Advisors, LLC in 2000 when it registered with the Securities and Exchange Commission. In January 2019 REDW Stanley Financial Advisors changed their name to REDW WEALTH LLC.

REDW WEALTH LLC provides personalized confidential financial planning, investment and wealth management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, small businesses, and Native American tribes. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, estate planning and retirement plan investment services.

REDW WEALTH LLC is a fee-based wealth management firm, meaning the only revenue received is that from the client. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No finder's fees are accepted. No soft dollars are accepted from mutual fund companies or other investment product providers. REDW WEALTH LLC receives some economic benefit from discount brokers and custodians in connection with giving advice to clients.

Investment advice is an integral part of financial planning. In addition, REDW WEALTH LLC advises clients regarding cash flow, cash management, college planning, retirement planning, insurance planning (although REDW WEALTH does not sell insurance products), tax planning, stock option planning, planning for life changing events, cash needs at death, income needs of surviving dependents, analysis of investment alternatives as well as trust and estate planning.

REDW WEALTH LLC manages portfolios and gives investment advice for a fee. REDW WEALTH LLC does not act as a custodian of client assets. Some clients provide us access to their accounts through an account aggregator tool, which gives us custody and is subject to an annual surprise audit. REDW WEALTH LLC generally places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, other accountants, real estate professionals, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts and potential conflicts of interest will be disclosed to the client in advance of the event they should occur.

The initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning, investment management, or wealth management may be beneficial to the client.

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**Principal Owners**

All members of REDW LLC, the parent company and holding company are equity owners of REDW WEALTH LLC. Control of all policies and procedures related to investments, planning, and management of REDW WEALTH LLC vests with one principal: Paul Madrid, Chief Compliance Officer and Principal in Charge.

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**Types of Advisory Services**

REDW WEALTH LLC provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues newsletters and special reports about securities and markets in general. Charts, graphs, formulas, or other analysis may be provided to clients for use in evaluating securities or portfolio allocations. These types of information are available to our clients from service providers we use such as Morningstar, YCharts, our custodian Charles Schwab , JP Morgan, as well as various consulting research firms.

REDW WEALTH LLC furnishes advice to clients on matters not involving securities, such as wealth management, insurance, financial planning matters, taxation issues and estate planning.

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**Types of Agreements**

The following agreements define the typical client relationships:

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**Financial Planning/Wealth Management Agreements**

A financial plan is designed to help the client with all aspects of financial planning with or without ongoing investment management after the financial plan is completed.

The financial plan may be detailed or strategic and may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; one or more retirement scenarios; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; estate planning review and recommendations; and education planning with funding recommendations, stock option analysis including tax strategies, and planning or other more specific analysis as requested by the client.

Generally, specific investment advice and recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client. A separate investment advisory agreement may be agreed upon but is not required in a financial planning engagement.

After delivery of a financial plan, future meetings may be scheduled as necessary. Additional fees may apply and are usually billed at normal hourly rates. Monitoring and or implementation of recommendations are considered separate wealth management engagements and a separate engagement letter will be prepared for either a higher negotiated percentage of assets under management, or for a stated flat fee. Fees may be negotiated and are dependent upon the various services requested.

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### **Investment Advisory Service Agreement**

Many financial planning/wealth management clients choose to have REDW WEALTH LLC manage their assets in order to obtain ongoing in-depth investment advice. Realistic and measurable goals are set and objectives to reach those goals are defined in an Investment Policy Statement which is recommended. As goals and objectives change over time, portfolio allocations and specific investment recommendations are made and implemented on an ongoing basis. Investment Policy Statements are updated as needed.

Assets are invested primarily in exchange-traded funds and no-load mutual funds at net asset value, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships. Brokerage firms typically charge commissions and/or transaction fees in connection with securities trading activity. REDW WEALTH LLC does not receive any compensation from fund companies or brokerages.

Initial public offerings (IPOs) are generally not available through REDW WEALTH LLC but may be available by individual client requests approved by the Investment Committee, and available from the custodian.

The scope of work and fee for an Investment Advisory Service Agreement is provided to the client in writing prior to the start of the relationship in the form of a standard agreement. Terms, other than scope of work and fee, of the standard agreement are not negotiable other than for various Native American Sovereign Nations requiring specific legal language.



Although the Investment Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or REDW WEALTH LLC may terminate an Agreement by providing five days written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the date of termination notification is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Annual individual federal and state tax preparation work may be performed as part of the Investment Advisory Service Agreement or billed separately at standard hourly rates, depending upon the level of service chosen and the negotiated fee agreement. Eligible federal and applicable state returns are filed electronically without additional fees. To the extent provided, tax preparation services are rendered in the professional's separate capacity as a tax preparer, and not in their capacity as a representative of REDW WEALTH LLC.

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### **Retainer Agreement**

In some circumstances, a Flat Fee or Retainer Agreement may be executed in lieu of a standard hourly consulting or percentage or assets engagement when it is more appropriate to work on a fixed-fee basis. The annual fee for this type of arrangement is dependent upon all facts and circumstances and generally is not negotiable. At termination flat fees or retainer agreements will be billed on a prorated basis for the portion of the quarter completed.

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### **DST and 1031 Exchange**

REDW WEALTH LLC provides assistance to clients in research, analysis, and advice on DSTs and 1031 Exchanges. That assistance involves working with all of the various parties engaged in such transactions in order to obtain the best possible offer for the client. REDW WEALTH LLC acts as a fiduciary in all matters pertaining to the sale of these transactions. No commissions or payments are received from any third party as a part of this process. Clients are billed a stated flat fee for our assistance and consultations.

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### **Tax Preparation Agreement**

Tax preparation work may be included in the Wealth Management or Investment Advisory fee arrangement or it may be billed separately at standard hourly rates or a flat fee, depending upon all circumstances and fee negotiations. Separate tax preparation engagement letters will be necessary annually without regard to fee arrangement. Tax preparation work is done in the professional's separate capacity as a tax preparer and not as a representative of REDW WEALTH, LLC.

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**Hourly Planning/Consulting Engagements**

REDW WEALTH LLC provides hourly planning and consulting services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements depends upon the standard billing rate for individuals assigned to an engagement and the skill sets needed. These fees can generally be estimated and included in the limited scope engagement letter.

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**Automated Investment Program**

We offer an automated investment program through Charles Schwab Institutional Intelligent Portfolios® platform. We are independent of and not owned or affiliated with Charles Schwab. We are solely responsible for the program and the management of the portfolios. We charge a fee for our services described in fees and compensation. We do not pay Charles Schwab Institutional Intelligent Portfolios® a fee for the platform.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client files or client relationship management system. Investment policy statements are created for asset management and investment consulting clients that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities and may or may not agree to certain documentation requests.

It remains REDW WEALTH LLC policy that individual advice and treatment will be accorded to each advisory client. REDW WEALTH LLC strives to ensure equality among clients, however at any given point in time one or more clients may require additional time and attention and may have different fee structures.

REDW WEALTH LLC clients are clients of the firm and not the individual advisor.

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**Miscellaneous Disclosures**

Account Aggregation Platforms. REDW WEALTH LLC can provide clients with access to one or more account aggregation platforms. In addition to allowing for aggregate viewing of account assets managed by REDW WEALTH LLC, these aggregation platforms can also incorporate client investment assets that are not part of the assets that REDW WEALTH LLC manages (the “Excluded Assets”). Unless agreed to otherwise, in writing, the client and/or the client’s other advisors that maintain trading authority, and not REDW WEALTH LLC, shall be exclusively responsible for the investment performance of the Excluded Assets. Furthermore, unless otherwise agreed, in writing, REDW WEALTH LLC does not provide investment management, monitoring or implementation services for the Excluded Assets. The client can engage REDW WEALTH LLC to provide investment management services

for the Excluded Assets pursuant to the terms and conditions of the Investment Advisory Agreement between REDW WEALTH LLC and the client. If REDW WEALTH LLC is asked to make a recommendation as to any Excluded Assets, the client is absolutely not obligated to accept the recommendation, and REDW WEALTH LLC shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets.

Retirement Rollovers: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If REDW WEALTH LLC recommends that a client roll over their retirement plan assets into an account to be managed by REDW WEALTH LLC, such a recommendation creates a conflict of interest if REDW WEALTH LLC will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by REDW WEALTH LLC.

#### ERISA / IRC Fiduciary Acknowledgment

When REDW WEALTH LLC provides investment advice to a client regarding the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way REDW WEALTH LLC makes money creates some conflicts with client interests, so REDW WEALTH LLC operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's.

Under this special rule's provisions, REDW WEALTH LLC must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put its financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that REDW WEALTH LLC gives advice that is in the client's best interest;
- Charge no more than is reasonable for REDW WEALTH LLC's services; and

- Give the client basic information about conflicts of interest.

Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), REDW WEALTH LLC may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating REDW WEALTH LLC's advisory fee.

Periods of Portfolio Inactivity. REDW WEALTH LLC has a fiduciary duty to provide services consistent with the client's best interest. The REDW WEALTH LLC will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when REDW WEALTH LLC determines that changes to a client's portfolio are neither necessary, nor prudent. Clients remain subject to the fees described below during periods of account inactivity.

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### **Assets Under Management**

As of December 31, 2023, REDW WEALTH LLC manages \$1,004,648,408 in assets on a discretionary basis for approximately 439 clients.

## **Fees and Compensation**

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### **Description**

REDW WEALTH LLC bases its fees on a percentage of assets under management and fixed fees for investment advisory and consulting services. Hourly fees may be assessed for some consulting and planning agreements. Fees may either be deducted directly from the investment account or billed for cash, check, or credit card payment.

The annual Investment Advisory Service Agreement fee is based on flat fees, or a percentage of the investable assets according to the following schedule:

- 1.00%% - 1.10% on the first \$1,000,000; (or flat fee)
- .90% - 1.00% on the next \$1,000,000 (from 1,000,001 to 2,000,000);
- .60% - .80% on the next \$1,000,000 (from \$2,000,001 to \$5,000,000);
- .40% - .60% on the next \$5,000,000 (from \$5,000,001 to 10,000,000)
- .30% - .50% on the next \$15,000,000 (from \$10,000,001 to \$25,000,000)
- Custom Fee on amounts over \$25,000,000
- Minimum fees start at \$5,000 per year.

To illustrate the above, a client in an asset-based fee arrangement, placing \$1,500,000 under REDW WEALTH LLC's management, would be subject to a fee between 1.00% - 1.10% on the first \$1,000,000 and a fee between 90% - 1.00% on the remaining \$500,000.

Fee schedules may be negotiated up or down depending upon the complexity of the accounts, the degree of active management, the need for additional work requested, or the inclusion of other advisory services in the percentage fee, or other bundled services. Large clients, various large retirement plans, and nonprofits may negotiate a non-tiered fee. In addition, current client relationships may exist where the fees are higher or lower than the fee schedule above.

Financial Planning and Wealth Management engagements are priced according to the degree of complexity associated with the client's situation and the estimated time to complete. The minimum fee for a financial plan is \$3,500. Hourly fees are predicated upon the facts known at the start of the engagement and is estimated in the written planning engagement letter. Fees are estimated based upon the best estimated amount of time required at standard hourly rates (currently \$225 - \$650 per hour), as determined by the level of expertise needed, plus applicable out of pocket expenses and taxes. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting and engagement letter, a written revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Most fee arrangements are negotiable depending upon size, services requested, and circumstances. Fees may be separately stated and billed or "bundled" with fees for combined services of other affiliates such as employee benefit plan administration or tax preparation. All bundled services fees are estimated by each affiliate and disclosed to the client.

REDW WEALTH LLC is a fee-based service provider, meaning the only revenue received is that from the client. We do not earn or accept any commissions, rebates, 12(b)1 fees (unless rebated back to the plan), referral fees or other remuneration direct or indirect based upon our recommendations. We accept no product provider incentives.

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### **Fee Billing**

Investment management fees are billed quarterly, in arrears meaning that invoicing occurs after the three-month billing period has ended, unless a flat fee is negotiated in which case billing may occur monthly, quarterly, or

annually. Asset-based fees are calculated based upon the account value as of the last day of the billing period. Payment in full is expected upon invoice presentation. Fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

An exception to billing in arrears is accommodated in limited circumstances where prior existing custodial relationships (such as those with Nationwide) were in existence prior to becoming a REDW Wealth client and where the client directs specific custody or broker dealers.

Fees for financial plans and consulting agreements may require a portion of the fee at the beginning of the engagement and the remaining fee is billed as work progresses, with the balance due at month end after delivery of the financial plan. Hourly engagements including but not limited to tax return preparation are also billed as work progresses with the balance due at month end after completion of the engagement.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain securities, including but not limited to, mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

New Advisory Service Agreement fees may be adjusted for complexity of individual situations.

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### **Expense Ratios**

Mutual funds and exchange-traded funds generally charge a management fee for the services provided by their investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for its services. These fees are in addition to the fees paid to REDW WEALTH LLC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

A client could invest in a mutual fund or exchange-traded fund directly, without the services of REDW WEALTH LLC. In that case, the client would not receive the services provided by REDW WEALTH LLC which are designed, among other things, to assist the client in determining which mutual fund or funds, or each security are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by REDW WEALTH LLC to fully understand the total amount of fees paid by the client, and to evaluate the advisory services being provided. Clients should note that similar advisory

services may, or may not, be available from other registered investment advisors or mutual fund companies for similar or lower fees. Management services and fees may reduce the rate of return.

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**Past Due Accounts and Termination of Agreement**

Either the Client or REDW WEALTH LLC may terminate any services agreement at any time by written notification five days prior to termination. If the Client is the terminating party, the Client will be responsible for paying for time spent on the engagement prior to termination. If the client made an advance payment, REDW WEALTH LLC will refund any unearned portion of the advance payment.

REDW WEALTH LLC reserves the right to stop work on any account that is more than 90 days overdue. In addition, REDW WEALTH LLC reserves the right to terminate any financial planning or wealth management engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in REDW WEALTH LLC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within five business days.

## **Performance-Based Fees**

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**Sharing of Capital Gains**

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

REDW WEALTH LLC 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.

## **Types of Clients**

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**Description**

REDW WEALTH LLC provides investment advice to high net worth individuals, individuals, family units, state and local governments, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities, and Native American Tribes. In the event that an Advisory Client is subject to the Employee Retirement Income Security Act of 1974 (ERISA) REDW WEALTH LLC acknowledges that it is an ERISA fiduciary under the provision of ERISA, as stated in the engagement letter. Client relationships vary in scope and length of service.

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**Account Minimums**

Investment Advisory accounts may be charged by flat fee, retainer, or percentage of assets under management. Some clients may be subject to predetermined minimum fees depending upon services requested, number of required meetings and geographic location. Individual and plan sponsors should carefully evaluate if services and pricing is appropriate for small balance accounts. Less expensive alternatives may be available from other providers.

REDW WEALTH LLC has the discretion to waive account minimums and adjust pricing methods dependent upon all known facts and circumstances, including but not limited to the services requested, and the nature and length of the existing and anticipated future client relationship(s). Other exceptions may apply to employees of REDW WEALTH LLC and their relatives, or relatives of existing clients.

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

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**Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that REDW WEALTH LLC may use include YCharts, Morningstar mutual fund information, Morningstar stock information, Investor's Business Daily, Bloomberg, Wall Street Journal, Charles Schwab & Company's "Schwab Advisor Center", Advisor Intelligence, , Goldman Sachs, Northern Trust, JP Morgan published statistics, and the internet.

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**Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation with some tactical allocation consideration. REDW WEALTH LLC use passively-managed index and exchange-traded funds, as well as actively-managed funds, REITS, separately managed accounts, and individual equities and bonds where there may be greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

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



Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, alternative investments, and option writing (including covered options, uncovered options or spreading strategies).

IPOs are not currently utilized, but if specifically requested by the client, approved by the investment committee, and available from custodians, may be used in limited circumstances.

REDW WEALTH LLC advisory employees generally invest using the same strategies and securities recommended for REDW Wealth clients. Some advisory personnel may invest in higher risk securities or allocations which are generally not recommended to advisory clients.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. REDW WEALTH LLC investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **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, bond, or mutual fund 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 not buy as much as 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, for example, 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 may not be.
- **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.

Unaffiliated Private Investments. REDW WEALTH LLC also provides investment advice regarding private investments, including but not limited to, private investment funds. REDW WEALTH LLC, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in one or more private investments, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the issuer's offering documents. REDW WEALTH LLC's role relative to unaffiliated private investments shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an investor in an unaffiliated private vehicle, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of REDW WEALTH LLC calculating its investment advisory fee. REDW WEALTH LLC's fee shall be in addition to the fund's fees. REDW WEALTH LLC's clients are under absolutely no obligation to consider or make an investment in any private investment(s).

Please Note: Private investments generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints, and lack of transparency, a complete discussion of which is set forth in each issuer's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, Private Placement Memorandum, or similar document, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that REDW WEALTH LLC references private investments owned by the client on any supplemental account reports prepared by REDW WEALTH LLC, the value(s) for all private investments owned by the client shall reflect the most recent valuation provided by the issuer and/or fund sponsor. However, if subsequent to purchase, the investment has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase,

the investment provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the investment provides a further updated value. As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor's holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, REDW WEALTH LLC shall calculate its fee based upon the most recently reported value.

## Disciplinary Information

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### Legal and Disciplinary

REDW WEALTH LLC and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

REDW WEALTH LLC **is not** registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. REDW WEALTH LLC is a wholly owned, SEC registered subsidiary of REDW LLC a New Mexico Limited Liability Company.

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### Affiliations

REDW WEALTH LLC has arrangements that are material to its advisory business or its clients with a related entity that is its' parent company, REDW LLC, a certified public accounting firm.

**REDW WEALTH LLC is a wholly owned subsidiary of REDW LLC.** REDW LLC and its' affiliates employs approximately three hundred individuals and offers a wide array of services. Internally referred clients and various other service offerings may result in a conflict of interest. All clients are free to choose or decline other service offerings and should determine which services are most appropriate for them. Any bundled services may be unbundled at anytime. There are no referral fee arrangements between REDW WEALTH LLC and REDW LLC or its' affiliates. No REDW WEALTH LLC client is obligated to use any other service provided by REDW LLC or its' affiliates. Fees paid to REDW WEALTH LLC or REDW LLC and its' affiliates may not be the lowest available fees for the same or similar service. There may be economic benefit to REDW WEALTH LLC or REDW, LLC. Recommendations made by REDW

WEALTH LLC may not be supported by REDW LLC or its' affiliates.

## **Transactions and Personal Trading**

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### **Code of Ethics**

REDW WEALTH LLC adopted a revised Code of Ethics that sets forth high ethical standards of business conduct that REDW WEALTH LLC requires of its employees and principals, including compliance with applicable federal securities laws including Standards of Business Conduct, Certain Prohibitions Against Insider Trading, Policies regarding Personal Securities Transactions, Acceptance of Gift and Entertainment, Protecting the Confidentiality of Client Information, Service as a Director, and various other compliance policies and procedures. The employees of REDW WEALTH LLC have committed to abide by this Code of Ethics. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

REDW WEALTH LLC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities within the same day as client trades in that same security (open end mutual funds are excepted since all valuations are as of close of business on the date traded). Employees comply with the provisions of the Personal Securities Transaction portion of REDW WEALTH LLC Compliance Manual which prohibits employees from receiving better pricing or execution than that of its' clients.

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### **Personal Trading**

A member of the compliance team reviews all employee trades each quarter after initial reports are prepared. When applicable, a member of the Compliance team will review that team member's trades. 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. Since most employee trades are small mutual fund trades, exchange-traded fund trades, small lot individual securities or bonds, the trades generally would not affect the securities markets.

REDW WEALTH LLC personnel or individuals associated with REDW WEALTH LLC (such as REDW LLC's Managing Principal) may buy or sell securities identical to or different than those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of REDW WEALTH LLC that no person employed by REDW WEALTH LLC may purchase or sell any security prior to a transaction(s) being implemented for an

advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. REDW WEALTH LLC employs a trading day black out period for certain individuals with access to investment trade information when trading in the same security as in client accounts (except open end mutual funds). As these situations represent a conflict of interest, REDW WEALTH LLC has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A principal or employee of REDW WEALTH LLC shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of REDW WEALTH LLC shall prefer his or her own interest to that of the advisory client.
- 2) REDW WEALTH LLC maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by a compliance team member.
- 3) REDW WEALTH LLC emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where REDW WEALTH LLC is granted discretionary authority over the client's account.
- 4) REDW WEALTH LLC emphasizes the unrestricted right of the client to select and choose any broker or dealer (except in situations where REDW WEALTH LLC is granted discretionary authority), and/or insurance company(ies) the client wishes.
- 5) REDW WEALTH LLC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 6) Any individual not in observance of the above is subject to termination.

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

Specific custodian recommendations are made to Clients based on their need for such services. REDW WEALTH LLC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. REDW WEALTH LLC will accept directed brokerage requests in appropriate circumstances and

requires the Client to acknowledge in writing our limited ability to achieve best execution, negotiate commissions among various brokers, or block trade when brokerage is directed by the client.

REDW WEALTH LLC recommends and custodies assets at discount brokerage firms and trust companies (qualified custodians), such as, Broadridge/Matrix, Charles Schwab Institutional and Charles Schwab Trust Company.

REDW WEALTH LLC does not receive fees or commissions from any of these arrangements.

REDW WEALTH LLC participates in the Charles Schwab Institutional programs.. Schwab Institutional is a division of Charles Schwab & Co. Inc, a FINRA registered broker dealer, and member of SIPC. Charles Schwab offers services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. REDW WEALTH LLC receives some benefits from Charles Schwab through its participation in the program.

REDW WEALTH LLC may recommend Charles Schwab for custody and brokerage services There is no direct link between REDW WEALTH LLC participation in the program and the investment advice it gives to its clients, although REDW WEALTH LLC receives economic benefits through its participation in the program. REDW WEALTH LLC may recommend that clients establish brokerage accounts with Charles Schwab Institutional registered broker-dealer and member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although REDW WEALTH LLC may recommend clients establish accounts at Charles Schwab it is the clients' decision to custody assets with Charles Schwab, or another custodian. REDW WEALTH LLC is independently owned and operated and not affiliated with Charles Schwab or. Charles Schwab provides REDW WEALTH LLC with access to their institutional trading and custody services, which are typically not available to Charles Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them as long as minimum balances are maintained, and are not otherwise contingent upon advisor committing to any specific amount of business (assets in custody or trading). Services include brokerage, 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 REDW WEALTH LLC client accounts maintained in their custody, Charles Schwab does not charge separately for custody but are compensated by account holders through cash sweep funds, commissions or other transaction-related fees for securities trades that are executed through Charles Schwab or that settle into Charles Schwab Accounts Charles Schwab Trust Company and Broadridge/Matrix may charge separate custody and or

trustee fees for various accounts (such as 401k plans or Minor's Trusts) depending upon the nature of the services requested. These fees will be separately stated and disclosed to the client prior to assets transferring into either trust company.

Charles Schwab also makes available to REDW WEALTH LLC other products and services that benefit REDW WEALTH LLC but may not benefit its clients' accounts. Some of these other products and services assist advisors in managing and administering clients' accounts. These include automated investment programs, software and other technology 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 advisor's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of advisors accounts, including accounts not maintained at Charles Schwab. Charles Schwab also makes available to REDW WEALTH LLC other services intended to help REDW WEALTH LLC manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Charles Schwab may make available, arrange and/or pay for these types of services rendered to REDW WEALTH LLC by independent third parties. Charles Schwab 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 REDW WEALTH LLC. While as a fiduciary, REDW WEALTH LLC endeavors to act in its clients' best interest, REDW WEALTH LLC recommendation that clients maintain their assets in accounts at Charles Schwab may be based in part on the benefit to REDW WEALTH LLC of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab which may create a potential conflict of interest.

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**Best Execution**

REDW WEALTH LLC reviews the execution of trades at each custodian regularly. The review is documented in the REDW WEALTH LLC Compliance Manual. Trading fees charged by the custodians is also reviewed on a regular basis. REDW WEALTH LLC does not receive any portion of the trading fees.

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**Soft Dollars**

REDW WEALTH LLC also receives educational and conference credits annually from Charles Schwab because client assets are custodied at Charles Schwab. Charts, graphs, formulas, or other analysis may be provided

to clients for use in evaluating securities or portfolio allocations. These types of information are available to our clients from service providers we use such as Morningstar, YCharts, our custodians Charles Schwab and, JP Morgan, Goldman Sachs, Northern Trust as well as various consulting research firms. All clients benefit from this credit as it increases the advisors technical knowledge and reduces the firm's overall expenses.

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### **Order Aggregation**

Many trades are mutual funds where trade aggregation does not garner any client benefit. However, in circumstances where block trading and aggregation can benefit clients, certain methods can be employed to assure fair trading and allocation.

REDW WEALTH LLC generally employs block trading for the same exchange traded funds and individual securities. REDW WEALTH LLC will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of REDW WEALTH LLC investment advisory agreement with each client for which trades are being aggregated.

No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all REDW WEALTH LLC transactions in a given security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction as if traded alone. REDW WEALTH LLC will prepare a statement ('Allocation Statement') specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will be allocated pro-rata based on the Allocation Statement.

Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement. REDW WEALTH LLC will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed at least annually by REDW WEALTH LLC analysts and relationship managers. Account reviews are performed more frequently when market conditions dictate or individual circumstances dictate.



Account reviewers are members of the REDW WEALTH LLC Investment Committee. They are instructed to consider the client's current security positions and asset allocation as well as the likelihood that the performance of each security will contribute to the investment objectives of the client.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, market volatility, new investment information, and changes in a client's situation.

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**Regular Reports**

Clients receive periodic communications. Quarterly newsletters report on general market information, information specific to REDW WEALTH LLC, and financial planning topics of interest. Each Investment Advisory Service Agreement client receives quarterly performance reports. The reports include a portfolio statement in the aggregate and by account, performance reporting in the aggregate and by account. Quarterly, Semi Annual or Annual meetings are scheduled with each Advisory client, as the client wishes.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

REDW WEALTH LLC is fortunate to receive many client referrals. The referrals come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not receive compensation nor pay referring parties for these referrals. REDW WEALTH may or may not refer clients to these referral sources resulting in potential conflicts of interest. Full and fair disclosure of any conflict of interest is provided in connection with relevant client referrals.

REDW WEALTH LLC does use a lead service in which we pay a flat fee per lead.

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**Referrals Out**

REDW WEALTH LLC does not accept referral fees or any form of remuneration direct or indirect from other professionals when a prospect or client is referred to them. However mutual referrals may result in additional revenues to both parties thereby resulting in potential conflicts of interest. All referrals out are in writing with several names available from which the client may choose.

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**Other Compensation**

REDW WEALTH LLC does not accept any form of compensation other than fee-only payments directly from the client. We do not earn or accept any

commissions, rebates, 12(b)1 fees (unless rebated back to the plan), referral fees, or other remuneration direct or indirect based upon our recommendations. We accept no product provider incentives.

## **Custody**

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### **SEC “Custody”**

REDW WEALTH LLC may be considered to have custody of certain types of accounts where an account aggregation program is used to benefit a client by integrating outside accounts to accounts managed at REDW WEALTH LLC. Other accounts considered to have custody include those in which REDW WEALTH LLC personnel serve as trustee and/or power of attorney. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements.

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by REDW WEALTH LLC.

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### **Net Worth Statements**

Wealth management and financial planning clients are provided net worth statements and net worth graphs that are generated from various planning programs. Net worth statements contain approximations of bank account balances provided by the client, investment accounts as well as the value of land and other hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

REDW WEALTH LLC accepts discretionary authority to manage securities accounts on behalf of clients. REDW WEALTH LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. REDW WEALTH LLC does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in client accounts on clients' behalf so that REDW WEALTH LLC may promptly implement the investment policy that clients have approved in writing.

Clients who engage REDW WEALTH LLC on a discretionary basis may, at any time, impose restrictions, in writing, on REDW WEALTH LLC's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe REDW WEALTH LLC's use of margin, etc.).

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that REDW WEALTH LLC may execute the trades.

## Voting Client Securities

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**Proxy Votes**

Effective 1/1/2022, REDW Wealth will no longer be voting proxies for clients.

## Financial Information

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**Financial Condition**

REDW WEALTH LLC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because REDW WEALTH LLC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.