

**Form ADV Part 2A  
Brochure  
(1) Cover Page:**

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Brochure Date: March 28, 2024

**This brochure provides information about the qualifications and business practices of Redwood Investments, LLC (“Redwood”). If you have any questions about the contents of this brochure, please contact us at (212) 806-8800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

**Please note that registration of Redwood with the SEC does not imply any level of skill or training.**

## **(2) Material Changes:**

The last annual updating amendment to this brochure was dated March 31, 2023. Material changes to this brochure since last annual update include amendments to the following items:

**Item 4 – Advisory Business:** Updated to reflect firm’s new ownership and disclose Redwood’s role as sub-adviser to affiliated mutual funds

**Item 5 – Fees and Compensation:** Updated fee schedules to reflect fees for Redwood’s non-U.S. strategies

**Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss:** Updated to disclose risks associated with the investments in mutual funds, including affiliated mutual funds; updated descriptions of investment strategies; revised risk disclosure applicable to securities used in investment strategies

**Item 10 – Other Financial Industry Activities and Affiliations:** Updated to report Redwood’s financial industry affiliates and potential conflicts of interest related to such affiliations

**Item 11: Code of Ethics and Fiduciary Duty:** Updated regarding Redwood’s and its affiliates’ Code of Ethics

**Item 12: Brokerage Practices:** Clarified client-directed brokerage

**Item 13 – Review of Accounts:** Updated to disclose Redwood’s outsourcing of certain administrative services to its affiliates

**Item 14: Client Referrals and Other Compensation:** Confirmed that Redwood does not receive any compensation outside of its advisory fees

To obtain a copy of this Brochure, please contact us at (212) 806-8800.

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<sup>1</sup> The SEC requires advisers to use a certain format and certain headings for this Brochure. To the extent that a particular item does not apply to Redwood's business, we will indicate that it is not applicable.

#### **(4) Advisory Business:**

##### **Introduction**

Redwood Investments, LLC (“Redwood”) was formed and began managing assets in 2004 by its Founders and Managing Partners Jennifer K. Silver and Michael J. Mufson. The firm is registered with the SEC (Securities and Exchange Commission) as a Registered Investment Adviser. As of January 31, 2024, Redwood is wholly-owned by Alger Group Holdings, LLC (“AGH”), which is wholly-owned by Alger Associates, Inc. (“AAI” and together with its associates, “Alger”). Redwood is under common ownership with Fred Alger Management, LLC (“FAM”) and Weatherbie Capital, LLC (“WC”), each registered investment advisers. Alexandra D. Alger, Hilary M. Alger and Nicole D. Alger together own (directly or through trusts they have created for the benefit of their families) approximately 35%, 35% and 29%, respectively, of AAI.

##### **Investment Business**

Redwood manages taxable and non-taxable equity investment portfolios, serves as an investment adviser to a collective investment trust and provides sub-advisory services to registered investment companies. The Redwood investment team invests each client’s portfolio in accordance with the client’s risk and return profile, the client’s investment guidelines (if any), and measured against a relevant benchmark. A client may impose restrictions on Redwood’s discretionary authority to invest in certain securities or types of securities. Redwood maintains documentation related to investment restrictions and/or limitations imposed by the client. Redwood’s investment strategies invest in a range of small to large capitalization securities encompassing growth and value securities. Further details about Redwood’s portfolio strategies are provided in **Item 8**.

##### **Portfolio Manager to Wrap-Fee Program**

Redwood has entered into an agreement with a Wrap Program Sponsor. These are sub-advisory relationships where the Program Sponsor provides investment supervisory services to its Clients, including making recommendations concerning an investment sub-adviser to render certain investment advice with respect to a Client’s portfolio. The Client pays the Wrap Program Sponsor a wrap fee. The Client enters into an agreement with the Program Sponsor and the Program Sponsor has a separate master agreement with Redwood. For Wrap Program accounts, Redwood can choose to effect transactions through other broker-dealers in order to seek to obtain the best execution for each Client Account. We manage the Wrap Program accounts on a discretionary basis.

Redwood receives a portion of the wrap fee from the Wrap Program Sponsor as an investment sub-adviser to these programs. In these relationships, Redwood does not have direct contact with the underlying client.

Redwood manages these accounts in the same manner as our non-wrap accounts managed in the same strategy. The management styles offered by Redwood to Client participants in these wrap-fee programs may vary among the different programs.

## Sub-Advisory Services

Redwood serves as sub-adviser to both affiliated and unaffiliated U.S. registered investment companies (“Mutual Funds”) per the terms of written Sub-Advisory Investment Management Agreements. Redwood also serves as a sub-adviser to a European fund. For these accounts, Redwood performs portfolio management of these pooled vehicles (or a portion of these funds) under the provisions and requirements of the advisory agreement with the registered funds’ Trust or Investment Company manager.

## Collective Investment Trust

Redwood serves as an investment manager for a collective investment trust called the “Redwood Investments Collective Investment Trust” (the “Redwood CIT”). The Redwood CIT was created by Alta Trust, a South Dakota state chartered trust company that provides retirement plan services to plan sponsors throughout the United States. Redwood is the “Investment Manager” as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, with respect to the Redwood CIT and any plan investing in any trust. Only certain qualified retirement plans may invest in the Redwood CIT; it is not available to the general public. For additional information about the Redwood CIT, please contact us at (212) 806-8800.

## Client Assets Under Management

The firm earns its revenue from management fees paid by clients. Additional details about management fees are discussed in **Item 5**.

Independent custodians, broker dealers, and/or banks hold clients’ assets. Redwood’s preferred custodian is Charles Schwab & Co., Inc., but clients choose their own custodian.

As of December 31, 2023, Redwood had \$1,694,451,840 in discretionary assets under management for clients.

## (5) Fees and Compensation:

A client’s written investment management agreement with Redwood includes a description of the method and timing of management fee calculations. Clients may choose to either pay their management fees in arrears or in advance. Redwood prefers to bill management fees quarterly in arrears. Clients may also choose to be billed directly for fees or to authorize Redwood to directly debit management fees from their account(s). Management fees are prorated for each significant capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable and any prepaid, unearned fees will be refunded.

## Fee Schedule (per annum)

<u>U.S. Strategies</u>		<u>Emerging Markets</u>	
1.00%	First \$5 million	0.80%	First \$25 million
0.85%	Next \$5 million	0.75%	Next \$25 million
Negotiable	Over \$10 million	0.70%	Next \$50 million
		0.65%	Next \$150 million
		0.60%	Over \$250 million

  

<u>International</u>		<u>Global</u>	
0.75%	First \$25 million	0.75%	First \$25 million
0.65%	Next \$75 million	0.65%	Next \$75 million
0.60%	Over \$100 million	0.60%	Over \$100 million

Redwood aggregates accounts of related family and household members for the purpose of calculating management fees. **Redwood's fees are subject to negotiation.**

## Custodial and Brokerage Fees

Redwood's fees are exclusive of brokerage commissions, transaction fees, and other related account costs and expenses. These additional expenses are paid by the client. Clients will incur charges imposed by custodians, brokers, and other third parties' fees such as those charged by financial planners, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Redwood's management fee. **Item 12** describes the factors Redwood considers in selecting brokers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## Investment Fund Fees

Investors can access Redwood's capabilities through U.S. and foreign registered funds sub-advised by Redwood. In such cases, Redwood or its affiliates can receive, in addition to advisory fees, shareholder servicing, administration, co-administration and/or distribution fees directly from the funds, from the investors in the funds, and/or from the funds' other investment advisers registered funds for which Redwood acts as a sub-adviser. The fees and other contractual arrangements for each of these funds are described in the prospectus or other offering documents for each such fund and differ from the separate account fees described above.

Subject to requirements of applicable law and the consent of each client (if applicable), Redwood can invest its client assets in funds managed by Redwood, FAM or WC, up to the limits permitted by applicable law. In the event of investment of a client's assets in such funds, Redwood will, if

required by law, take steps to avoid having the client pay duplicative fees; however, if permitted by applicable law, there can be no assurance that duplicative fees will not be charged.

#### **(6) Performance-Based Fees and Side-By-Side Management:**

Redwood does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### **(7) Types of Clients:**

Redwood provides portfolio management services to:

- individuals
- charitable institutions
- foundations
- endowments
- municipalities
- other institutions
- corporate and public pension plans
- profit-sharing plans
- Taft-Hartley plans
- registered investment companies
- comingled investment trusts (CITs)
- European Alternative Investment Funds

Redwood generally imposes a minimum opening account balance of \$1 million; Redwood will consider accepting a lower initial account balance.

#### **(8) Methods of Analysis, Investment Strategies and Risk of Loss:**

##### **Investment Process**

Redwood implements the same investment process across all of its strategies. The firm's focus is on the implementation of its investment process which includes a rigorous fundamental, bottom-up stock selection process that integrates traditional fundamental analysis with proprietary quantitative screening tools. The investment team focuses on building a portfolio of companies that they believe are high quality, attractively valued and where our forecast of earnings growth exceeds consensus expectations which we anticipate will lead to positive earnings estimate revisions. By combining qualitative analysis with systematic risk management tools, the Redwood investment team builds diversified equity portfolios appropriate to each client's objectives and risk return profile.

We believe that earnings drive stock prices and with the risk of persistent forecast error from consensus, our investment process seeks to identify and capitalize on those meaningfully "misforecasted" businesses. To do so, the Redwood process conducts deep fundamental research with the support of a robust screening tool to identify stocks and build a portfolio of what we

believe are high quality, attractively valued businesses whose future earnings growth are structurally underappreciated (and misforecasted by the consensus). We believe that a portfolio of these companies, where Redwood can develop a meaningfully differentiated view than consensus can lead to consistent performance over the index over time and offer meaningful downside protection if the thesis does not play out. The strategy seeks to identify resilient, defensible businesses led by effective management teams that are characterized by strong underlying unit growth, market share gains, high profitability, and cash flow generation.

In the initial stage of the process, Redwood uses its proprietary quantitative model to screen the initial universe to highlight and source the most attractive areas for investment on the primary factors that best reflect our fundamental view for identifying attractively valued, high quality growth stocks: earnings revisions, valuation, and quality. The investment team seeks to validate the model and highly ranked stocks by conducting fundamental, bottom-up, qualitative research on companies deemed to be the most attractive investment opportunities for consideration in the portfolio. Both research engines seek to identify the fundamental drivers of earnings and cash flows and to understand the near-term trajectories – the main objective is to own companies where Redwood has high conviction that the company will exceed market expectations.

Investment recommendations are presented to the team and evaluated to ensure all potential objections are raised and deliberated. The goal of this approach is to leverage the complementary strengths and diverse thought processes of each member. When ready for investment, the PMs manage the idea through the portfolio construction process including various risk scenarios around position weighting and exposures - another form of risk control to ensure the upside potential of a position is not meaningfully mitigated by excessive contributions to any unintended/unrewarded exposures at the portfolio and individual stock levels.

## Investment Strategies

Redwood manages U.S. and international equity investment portfolios in the following primary strategies:

*Small Cap Growth:* Invests in a focused portfolio of typically U.S. small capitalization growth equity securities, and identified through our fundamental research as attractive based on earnings revisions, quality, and valuation.

*Large Cap Core:* Invests in a focused portfolio of typically U.S. large capitalization core equity securities, and identified through our fundamental research as attractive based on earnings revisions, quality, and valuation.

*Large Cap Growth:* Invests in a focused portfolio of typically U.S. large capitalization growth equity securities, and identified through our fundamental research as attractive based on earnings revisions, quality, and valuation.

*Large Cap Growth Concentrated:* Invests in a focused portfolio of typically U.S. large capitalization growth equity securities, and identified through our fundamental research as attractive based on earnings revisions, quality, and valuation.



*Mid Cap Growth:* Invests in a focused portfolio of typically U.S. mid capitalization growth equity securities, and identified through our fundamental research as attractive based on earnings revisions, quality, and valuation.

*International Developed Markets:* Primarily invests in a focused portfolio of non-U.S. equity securities of developed market countries and identified through our fundamental research as attractive based on earnings, quality, and valuation. The strategy may invest across all market caps but tends to have a mid-large cap emphasis.

*International Opportunities:* Primarily invests in a focused portfolio of non-U.S. equity securities of all market caps, both developed and emerging markets, and identified through our fundamental research as attractive based on earnings, quality, and valuation.

*Global Equity:* Primarily invests in a focused portfolio of companies all over the world identified through our fundamental research as attractive based on earnings, quality, and valuation. The strategy may invest across all market caps but tends to have a mid-large cap emphasis.

*Global Small Cap:* Primarily invests in a focused portfolio of small capitalization equity securities all over the world, both developed and emerging markets, and identified through our fundamental research as attractive based on earnings, quality, and valuation.

*International Small Cap:* Primarily invests in a focused portfolio of typically non-U.S. small capitalization equity securities and identified through our fundamental research as attractive based on earnings, quality, and valuation.

*Emerging Markets:* Invests in a focused portfolio of securities of all market caps, domiciled in emerging market equity countries, and identified through our fundamental research as attractive based on earnings, quality, and valuation.

## **General Risks**

**Investing in securities involves risk of loss that clients should be prepared to bear.** All investment programs have certain risks that are borne by the investor. As with all investments, clients face investment risks including the following:

### *Management Risk*

Judgements about the value and potential appreciation of a security may be wrong and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole and Redwood's approach may fail to produce the intended results.

### *Market Risk*

The value of equity securities will decline from time to time due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as

changed in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

### *Unforeseen Market Events Risk*

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats, recessions, or other events may significantly affect the economy and the markets and issuers in which a strategy invests. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others and exacerbate other preexisting political, social, and economic risks.

### *Interest-Rate Risk*

Fluctuations in interest rates can affect investment prices.

### *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*

If Redwood invests client assets in securities denominated in currencies other than the U.S. dollar, the value of such securities will, to the extent unhedged, fluctuate with the U.S. dollar exchange rates as well as with price changes of the securities in the various local markets and currencies. A rise in the value of the U.S. dollar in comparison to the other currencies in which a portfolio may make its investments will reduce the effect of increases and magnify the effect of decreases in the prices of a client portfolio's securities in their local markets. Conversely, a decline in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a client portfolio's non-U.S. dollar securities.

### *Liquidity Risk*

Some companies are not well known are thinly traded or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of strategies that buy these securities may rise and fall substantially. Small companies may not be listed on a stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet an established market or revenue stream.

### *Approach to Responsible Investing*

The investment team incorporates considerations of ESG in its fundamental assessment of a company. Accounts with client-specific ESG restrictions may experience differences in

performance, either positive or negative, when compared to a similar strategy that does not have client specific ESG restrictions.

## **Material Risks of Securities Used in Investment Strategies**

### *Equity Securities Risk*

As with any strategy that invests in stocks and other equity securities, your investment will fluctuate in value, and the loss of your investment is a risk of investing. Because stock markets tend to move in cycles, stock prices overall may decline. A particular stock's market value may decline as a result of general market conditions that are not related to the issuing company (e.g., adverse economic conditions or investor sentiment) or due to factors that affect the particular company (e.g., management performance or factors affecting the industry). Also, a strategy's investments may not grow as fast as the rate of inflation and stocks tend to be more volatile than some other investments, such as bonds.

### *Growth Securities Risk*

Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile. An investment in a strategy managed by Redwood may be better suited to investors who seek long-term capital growth and can tolerate fluctuations in their investment's value. Expected growth may not be realized.

### *Small Cap Securities Risk*

There may be greater risk investing in small capitalization companies rather than larger, more established companies owing to such factors as more limited product lines or financial resources or lack of management depth. Such companies may be less financially secure than larger, more established companies. They may depend on a small number of key personnel. If a product fails or there are other adverse developments, or if management changes, an investment in a small cap company may lose substantial value. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts. The securities of small cap companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger cap securities or the market as a whole. In addition, it may be difficult or impossible to liquidate a security position at a time and price acceptable to an account because of the potentially less frequent trading of stocks of smaller market capitalization. Small cap securities may be particularly sensitive to changes in interest rates, borrowing costs and earnings. Investing in small cap securities requires a longer-term view.

### *Mid Cap Securities Risk*

There may be greater risk in investing in medium-capitalization companies rather than larger, more established companies due to such factors as inexperienced management and limited product lines or financial resources. It may also be difficult or impossible to liquidate a security position at a time and price acceptable to the strategy because of the potentially less frequent trading of stocks of smaller market capitalization.

### *Risks of Foreign Investment*

Investing in foreign securities involves risks related to the political, social and economic conditions of foreign countries, particularly emerging market countries. These risks may include political instability, exchange control regulations, expropriation, national policies restricting foreign investment, currency fluctuations, lack of liquidity, potential for market manipulation, less developed or less efficient trading markets, limited access to reliable capital, lack of comprehensive company information, differing auditing, regulatory and legal standards and lack of accounting and financial reporting standards, inflation and rapid fluctuations in inflation, withholding or other taxes, and operational risks. There may be less stringent government supervision and oversight of foreign markets than in the United States. There may be less corporate financial information publicly available, less stringent investor protection and disclosure standards.

Investment in foreign currencies is subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedged positions, that the U.S. dollar will decline relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time. A decline in the value of foreign currencies relative to the U.S. dollar will reduce the value of securities held by an account and denominated in those currencies. Foreign currencies also are subject to risks caused by inflation, interest rates, budget deficits and low savings rates, political factors and government controls.

### *Emerging Markets Risk*

The risks of foreign investments are usually much greater for emerging markets. Investments in emerging markets may be considered speculative. Emerging markets may include those in countries considered emerging or developing by the World Bank, the International Finance Corporation or the United Nations. Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. They are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging markets have far lower trading volumes and less liquidity than developed markets. Since these markets are often small, they may be more likely to suffer sharp and frequent price changes or long-term price depression because of adverse publicity, investor perceptions or the actions of a few large investors. In addition, traditional measures of investment value used in the United States, such as price to earnings ratios, may not apply to certain small markets. Also, there may be less publicly available information about issuers in emerging markets than would be available about issuers in more developed capital markets, and such issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which U.S. companies are subject.

Many emerging markets have histories of political instability and abrupt changes in policies. As a result, their governments are more likely to take actions that are hostile or detrimental to private enterprise or foreign investment than those of more developed countries, including expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments. In the past, governments of such nations have expropriated substantial amounts of private property, and most claims of the property owners have never been fully settled. There is no assurance that such expropriations will not reoccur. In such an event, it is possible that a strategy could lose the

entire value of its investments in the affected market. Some countries have pervasive corruption and crime that may hinder investments. Certain emerging markets may also face other significant internal or external risks, including the risk of war, and ethnic, religious and racial conflicts. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth. National policies that may limit investment opportunities include restrictions on investment in issuers or industries deemed sensitive to national interests.

Emerging markets may also have differing legal systems and investments in such emerging markets may be affected by the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments. Sometimes, they may lack or be in the relatively early development of legal structures governing private and foreign investments and private property. Many emerging markets do not have income tax treaties with the United States, and as a result, investments by a Fund may be subject to higher withholding taxes in such countries. In addition, some countries with emerging markets may impose differential capital gains taxes on foreign investors.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because an investor must use brokers and counterparties that are less well capitalized, and custody and registration of assets in some countries may be unreliable. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognize that ownership exists in some emerging markets, and, along with other factors, could result in ownership registration being completely lost. An account would absorb any loss resulting from such registration problems and may have no successful claim for compensation. In addition, communications between the United States and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates.

### *Sector Risk*

Accounts invested in certain strategies may have a significant portion of their assets allocated to securities of companies conducting business within a single sector, as generally defined by third-party sources. Companies in the same sector may be similarly affected by economic, regulatory, political or market events or conditions, which may make the strategy's returns more vulnerable to unfavorable developments in that sector than a strategy that has a more diversified portfolio. Generally, the more broadly a strategy invests, the more it spreads risk and potentially reduces the risks of loss and volatility.

### **(9) Disciplinary Information:**

Neither Redwood nor any of its employees have been involved in any legal or disciplinary events related to past or present activities.

### **(10) Other Financial Industry Activities and Affiliations:**

Redwood is affiliated with Fred Alger & Company, LLC ("FAC"), a registered broker-dealer. FAC serves as the principal underwriter for the affiliated Mutual Funds sub-advised by Redwood. FAC does not conduct public brokerage business and substantially all of its transactions are for

clients of Redwood's affiliates who authorize such affiliates to use FAC as a broker, provided that relevant regulations that govern their accounts allow it. Additionally, Redwood is under common ownership with FAM, an investment adviser based in New York, New York and WC, an investment adviser based in Boston, Massachusetts.

From time to time, Redwood, FAC, FAM, WC, AGH, or AAI, or other affiliated persons may hold controlling positions in certain pooled investment vehicles, such that they are considered affiliates.

Redwood is the sub-adviser to certain series of The Alger Funds, The Alger Funds II and Alger Global Focus Fund, each of which is a registered investment company. Redwood also serves as a sub-adviser to third-party registered investment companies or pooled investment vehicles, as well as a bank collective investment trust. From time to time, Redwood, its affiliates or a related person ("Redwood Affiliates") may own significant stakes in one or more of the above entities.

Redwood uses Redwood Affiliates for administrative (e.g., legal, accounting, compliance, etc.), information technology, sales, distribution and marketing support. Without such support, Redwood could incur greater or lesser costs for such services if such services were performed by employees of Redwood or by third-party providers. In addition, Redwood relies upon the expertise of Redwood Affiliates, employees of Redwood Affiliates and the service providers used by such Redwood Affiliates for these support functions.

## **Conflicts as a Result of Redwood's Affiliates**

### *Client Recommendations*

Redwood can recommend to clients that they purchase interests in investment partnerships or funds for which Redwood serves as investment adviser or sub-adviser and in which Redwood and related persons have a financial interest. Redwood and such related persons will fully disclose such financial interests to all clients to which such recommendations are given in accordance with applicable regulations.

### *Selection of Administrative and Other Service Providers*

As noted above, FAM, FAC and other Redwood Affiliates provide significant management, distribution, administration, back-office, legal and compliance, and trading support for Redwood. This results in greater benefit to Redwood than hiring a similarly qualified unaffiliated service provider, because Redwood receives the benefits of these services without incurring additional fees.

In connection with these services and subject to applicable law, Redwood Affiliates, including Redwood, will from time to time, and without notice to investors or clients, in-source or outsource certain processes or functions that it provides in its administrative or other capacities. Such in-sourcing or outsourcing will give rise to additional conflicts of interest, including which processes or functions to in-source or outsource, which entity to outsource to, and the fees charged by Redwood Affiliates or the third party.

Redwood maintains policies designed to mitigate the conflicts described in these paragraphs; however, such policies may not fully address all situations described above.



### *Information Redwood Can Receive*

Redwood and its affiliates will have, or be deemed to have, access to information about certain markets, investments, and funds because of Redwood Affiliates' activities. Redwood Affiliates will therefore possess information which, if known to Redwood, might cause Redwood to seek to dispose of, retain, or increase interests in investments held by accounts, or acquire certain positions for the accounts. Moreover, Redwood and its Redwood Affiliates may come into possession of material, non-public information that would prohibit or otherwise limit its ability to trade on behalf of client accounts. Redwood maintains policies designed to mitigate the conflicts described in this paragraph; however, such policies may not fully address situations described above.

### *Resources Shared Among Redwood Affiliates*

Redwood shares certain resources with, receives certain services from, and provides certain services to various Redwood Affiliates. Such relationships may present conflicts with Redwood's provision of advisory services to its clients.

### **(11) Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:**

Redwood has adopted a Code of Ethics ("the Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended that establishes general principles of conduct for Alger employees, including employees' duty always to place the interests of clients first and not take advantage of their positions.

In general, the Code requires employees to avoid any actual or potential conflict of interest by, among other things, reporting outside business activities, pre-clearing personal securities transactions, submitting duplicate confirmations and account statements, and regularly certifying to Alger's Compliance department that they are in compliance with the Code. The Chief Compliance Officer is responsible for the administration of the Code, and his/her designees generally determine whether employee personal transactions and outside business activities pose any actual or potential conflict of interest with Redwood's investment advisory activities.

The Code will be provided to any client or prospective client upon request.

### **Potential Conflicts Relating to Advisory Activities**

A conflict of interest will exist to the extent that Redwood recommends that its clients invest in securities in which one or more Redwood Affiliates has a material financial interest, or in securities where Redwood Affiliates or other clients of Redwood or its affiliates have invested in other parts of the capital structure of the issuer. Clients should be aware that Redwood may have an incentive to make decisions for its own benefit or the benefit of a Redwood Affiliate with respect to the Mutual Funds and other investment products in which it or a Redwood Affiliate owns significant stakes.

Redwood also has conflicts related to its management of client accounts alongside accounts (including Redwood sub-advised funds) in which Redwood Affiliates and their personnel have interests (collectively, the "Affiliate Accounts").

Additionally, to the extent Redwood or Redwood Affiliates own a significant percentage of the outstanding shares of registered or private funds, Redwood may be deemed to control that entity, and Redwood clients may be precluded or limited in its ability to make certain investments or participate in certain transactions because of the ownership interest of Redwood or Redwood Affiliates.

## **(12) Brokerage Practices:**

### **Execution**

Redwood makes investment decisions on behalf of our clients in accordance with each client's investment objectives, restrictions and selected investment strategy. This sometimes results in Redwood making an investment decision for one client that differs from the investment decision made for another client.

When trading client accounts, Redwood's fiduciary role requires that it seek best execution. Redwood generally has the authority to determine, without a client's consent, the securities to be bought or sold, the amount of those securities, the broker-dealer to be used and the commission rates paid. Best execution comprises many factors including security price, execution capability, quality of trade execution and clearing commission cost, and research services. Redwood selects a number of brokers to provide brokerage services, and considers several factors when selecting brokers, including the following:

- The broker's knowledge of the underlying company and the trading activity of the specific security, and the broker's ability to execute the proposed transaction at the most favorable price possible to the client.
- The financial strength of the broker.
- The efficiency of the broker's administrative operations and its ability to assure efficient transactions among Redwood, the brokerage house, the depository institution, if any, the transfer agent and the custodian.
- The commission or fees to be charged on the transaction, with the understanding that no transaction will be executed if commissions to be charged are not reasonably competitive with prevailing institutional rates.
- The provision to Redwood of "research services," as described below.

If a client is referred to Redwood by a broker who has an established relationship with the client, and the client maintains that brokerage relationship, then it will be the client's responsibility to negotiate a commission schedule with that broker. The commissions paid by the client in such broker-directed accounts could, depending on the client's commission arrangement with the broker, be higher or lower than the commission level that Redwood would otherwise be able to obtain for such client.

### **Broker Selection Criteria**

Redwood has discretion to select the broker-dealers for trade execution for direct clients, sub-advisory clients, and mutual fund clients.



Redwood maintains a list of broker-dealers that meet our standards with respect to brokerage, execution and research capabilities. We seek to achieve “best execution” in selecting a broker-dealer for transactions placed by us. To achieve “best execution,” we consider a number of factors (as noted above). In placing transactions, Redwood can cause client accounts to pay commissions to broker-dealers on an agency basis or to buy or sell securities directly from or to broker-dealers that are acting as principals (such as market-makers for over-the-counter securities). Redwood has complete discretion in negotiating all these compensation arrangements. When placing orders for execution in client accounts, we allocate transactions to broker-dealers for execution in various markets at prices and transaction costs that, based upon our good faith judgment, we believe will be qualitatively in the best interest of our clients. Redwood’s Best Execution Committee reviews the amount of commissions paid to these selected broker-dealers, and the list is updated as appropriate, including targets for commissions to be paid to each, subject to the fundamental policy of obtaining best execution on each trade. The amount of commissions allocated to each broker-dealer is strictly a target and not an obligation. In addition to the broker-dealers on the list, we also place non-directed brokerage clients’ trades with various electronic trading networks (ECNs). The Best Execution Committee also performs periodic reviews of executions received to help ensure that clients are receiving overall best execution.

### **Directed Brokerage**

Separate account clients may direct brokerage to a specific firm or firms of their choosing. A client that designates use of a particular broker-dealer should understand that such an instruction might prevent Redwood from freely negotiating commission rates or selecting brokers based on the most favorable price and execution for the transaction.

### **Trade Aggregation**

In managing client portfolios, Redwood will generally aggregate trades, subject to best execution. Aggregation describes a procedure whereby Redwood combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution. Aggregation opportunities for Redwood generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Clients in an aggregated transaction each receive the same average price per share which is generally allocated on a pro-rata basis. Eligibility for a transaction will depend on various factors including available cash, account restrictions, client directed brokerage, among others. If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will typically receive the average price paid for the securities in the same aggregate transaction on that day. If Redwood is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, Redwood will normally allocate the partially filled transaction to clients pro rata. Redwood is not required to aggregate trades, but it must disclose its policies and procedures, including, if applicable, the consequences of not aggregating trades. Redwood may aggregate client orders when doing so will result in best execution.

Some clients with highly specific investment policies or restrictions may not be able to participate in aggregated transactions for certain issues and may only be invested in such issues after guideline compliance has been established with respect to the acceptability of the issue and permissible amounts. Such clients may receive a less favorable price on such transactions. Some clients may

not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of Redwood's trade rotation if Redwood determines that including such a client in aggregated transactions or in the normal trade rotation could adversely impact Redwood's broader client group. In such cases, Redwood will provide such client with prior notice of the reasons preventing them from regularly participating in aggregated transactions and/or being placed higher in the trade rotation. Such clients may regularly receive less favorable prices on account transactions. If clients have instructed Redwood to direct their trades to a particular broker, they may pay different, and potentially higher, prices and commissions than those accounts that are unrestricted.

## **Trade Rotation**

Redwood's trade rotation policy is designed to provide each client an equal opportunity to trade first in the trading rotation. The firm believes, over time, this policy will treat all clients fairly with respect to being first to the market. Trade order rotation is determined by a pre-scheduled trade calendar (pre-determined each week). Accounts for which Redwood does not have full trading discretion, such as directed brokerage or model-based UMA programs, will go last in the rotation. Trade rotation is irrespective of investment strategy.

## **Soft Dollars**

"Soft dollars" refers to the practice of using broker commission dollars to pay for trading and research related goods or services in addition to paying for trade execution. That is, historically, full-service broker dealers have provided other services, such as research and analytical tools, with trade execution ("bundled services"). "Soft dollar arrangements" often refers to bundled services and to the practice of advisers directing part of the broker's commissions to third parties to pay for these services. The U.S. Congress created a safe harbor under Section 28(e) of the Securities Exchange Act of 1934 to protect advisers from claims that they had breached their fiduciary duties by causing clients to pay more than the lowest available commission rates in exchange for research and execution.

Redwood's Soft Dollar Policy prohibits the firm from entering into brokerage arrangements (whether formal or informal) to use brokerage commissions as payment for goods and services other than order execution services and research. If such products or services are used by Redwood for other purposes, Redwood will reasonably allocate such "mixed use" products and services between soft dollar arrangements and payments made by Redwood in "hard" dollars. Further, Redwood must act in the best interests of its clients by seeking to ensure that the order execution services or research adds value to investment or trading decisions, and that the brokerage commissions are reasonable in relation to the goods and services received.

Redwood defines research as:

- Traditional research reports analyzing the performance of a particular company or stock
- Discussions with analysts
- Meetings with corporate executives to obtain oral reports on performance of a company
- Seminars/ conferences as they relate to research (not travel and related expenses)
- Software that provides analyses of securities portfolios

- Publications that are not mass-marketed, e.g., financial newsletters, trade magazines and technical journals concerning specific industries or product lines marketed to a small audience, and serve the specialized interests of a narrow group
- Research related to the market for securities, such as trade analytics (including analytics available through order management systems (“OMS”)) and advice on market color and execution strategies.

During the most recent fiscal year (2023), Redwood used soft dollar arrangements to pay for the following types of products and services: research calls, research reports, meetings with analysts, investment conferences, and investment research data.

Redwood participates in multiple soft-dollar programs. When Redwood trades with these brokers, a portion of the cost is assigned to execution and a portion of the cost is assigned to research (soft dollars). Thus, a conflict exists between Redwood’s interests and those of advisory clients: Redwood has an incentive to select a broker-dealer based on Redwood’s interest in receiving the research or other products or services, rather than on the clients’ interest in receiving the lower commission. Using soft dollars can result in clients having to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

Trades executed for clients (i.e., individuals and high net-worth individuals) whose accounts are custodied with Charles Schwab & Co. are charged neither a fee nor commission for these trades. Redwood does not require these clients to trade away from Schwab just to pay for research.

The products and services that Redwood obtains through these soft dollar arrangements generally benefit all of our clients. For administrative purposes, we allocate the soft dollar benefits received above to clients’ accounts based on each account’s pro-rata net balance of soft dollars.

### **(13) Review of Accounts:**

The Redwood investment team reviews each investment strategy at each investment meeting; these meetings are generally held three times per week. Moreover, the investment team will increase the frequency of these reviews in response to market conditions. Based on a client’s preference, Redwood will provide a client with periodic account statements.

Redwood outsources certain administrative services to Alger. Redwood’s portfolio managers, and Alger’s Compliance department and Institutional Sales and Service department review each client’s portfolio guidelines when an account is opened, and if changes are made. Portfolio managers work closely with Redwood’s trader and with Alger’s Trading and Compliance departments to seek to adhere to client guidelines when making security selection decisions.

### **(14) Client Referrals and Other Compensation:**

#### **Other Compensation**

Redwood does not receive any compensation from third parties relating to advisory services provided to its clients.

## **Compensation of Third Parties for Client Referrals**

### *Referral Fees*

The SEC has adopted strict rules for advisers when accepting third party referrals. Redwood follows written policies and procedures to ensure compliance with these rules, including those governing compensation and written client disclosure. If you are referred to Redwood by a promoter, Redwood pays a referral fee as allowed under SEC rules. The referral fee is paid entirely from Redwood's investment advisory fee; you do not pay an additional fee. The promoter must tell you about their relationship with Redwood at the time of solicitation, deliver a copy of this ADV Part 2A, and provide a written disclosure explaining the terms of arrangement. Referred clients should be aware of inherent conflicts of interest between you and Redwood with respect to the promoter arrangement described above. Promoters may refer potential clients to Redwood because they will be paid a fee and not because Redwood provides appropriate and suitable investment strategies for the client.

### **(15) Custody:**

It is Redwood's policy and intention that it does not act as a custodian for the assets of its clients. All client assets are held at broker dealers, banks, or other qualified custodians ("custodians") who provide account statements directly to clients at their address of record. Redwood has a reasonable basis, after "due inquiry," for believing that client custodial account statements are sent directly to clients by their custodian bank. These custodians are required to provide a client statement at least quarterly. Redwood will, at times, provide clients with account statements, and urges clients to carefully review these statements and to compare them with the official custodial records. Redwood statements vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please note that custodian statements reflect the official books and records for accounts managed by Redwood and require careful review.

### **(16) Investment Discretion:**

Redwood accepts full discretionary investment authority to manage securities accounts on behalf of clients. Discretionary investment authority is described in Redwood's investment management agreement which is executed by both Redwood and each client at the outset of the investment management relationship. Redwood 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. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that Redwood can promptly implement the investment policy that the client has approved. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for each particular client account, including any guidelines, limitations and/or restrictions imposed by the client.

### **(17) Voting Client Securities:**

Unless the client designates otherwise, Redwood votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. Redwood will accept written direction from clients on a particular solicitation. Clients may request a copy of Redwood's complete proxy voting policies and procedures. Clients may also request information from

Redwood regarding how Redwood voted any proxies on behalf of their account(s). Please direct these requests to us at (212) 806-8800.

Redwood has a responsibility to identify material conflicts of interest related to voting proxies for client securities. In order to ensure Redwood is aware of the facts necessary to identify these conflicts, its senior management must disclose any personal conflicts, such as officer or director positions held by them or their spouses or close relatives in any portfolio company, to the CCO. Redwood has contracted with an independent third-party provider of proxy voting and corporate governance services (“proxy service”). The proxy service provides proxy research, executes proxy votes, and maintains proxy records. Redwood has adopted the proxy service’s voting policy guidelines as its own, and accordingly, the proxy service votes the proxies on behalf of Redwood’s clients (who have elected to have Redwood vote proxies).

**(18) Financial Information:**

Not applicable.

**(19) Requirements for State-Registered Advisers:**

Not applicable. Redwood is not a State-Registered Adviser.