

Redwood Wealth Management, LLC  
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January 23, 2024

**This brochure provides information about the qualifications and business practices of Redwood Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 552-1905. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Redwood Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**The use of the terms "Registered Investment Adviser" or "registered" does not imply a certain level of skill or training.**

## Item 2.      Material Changes

Redwood Wealth Management, LLC was founded in 2014. It is an SEC registered investment advisory firm. Since its last filing of March 2023, the following new material change have occurred:

On November 10, 2023, Mr. Benjamin Lincoln assumed the additional role of Chief Compliance Officer (CCO), for Redwood Wealth Management.

If you would like another copy of this brochure, please download it from the SEC website or you may contact Ms. Valerie Bialek at [valerie@redwoodwealth.com](mailto:valerie@redwoodwealth.com) or phone at (888) 552-1905. Additional information about Redwood Wealth Management, LLC is also available via the SEC's web site. [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with Redwood who are registered, or are required to be registered, as investment adviser representatives of Redwood.

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#### **Item 4. Advisory Business**

Redwood Wealth Management, LLC ("Redwood") is an SEC Registered Investment Advisory Firm. Redwood is solely owned by Redwood Holdings, LLC; Benjamin Lincoln is the President, CEO, CCO and owner of Redwood Holdings, LLC.

Redwood does not currently offer a wrap fee program. Redwood offers a non-wrap fee program, in which Redwood's fees are charged separately and in addition to brokerage custody fees, commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Redwood's fee, and Redwood shall not receive any portion of these commissions, fees, and costs.

*Account Management:* Redwood provides advisory services, giving continuous advice based on the client's individual needs. Advisory services are tailored to the individual needs of clients. This is done through personal discussions in which goals and objectives based upon the client's personal objectives are established, the firm will develop a personal investment policy based upon an investment objective questionnaire and manage the portfolio according to the criteria. Advisors provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), equities, fixed income securities and alternative investments. Each client and prospective client of Redwood will be provided with a current Firm Brochure Document (ADV Part 2A). Any client who is not presented with the Firm Brochure Document at least 48 hours prior to signing an agreement, has five business days in which to cancel, with no penalty assessed.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, Redwood will notify the client that, unless the instructions are modified, it may cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund.

*Separate Accounts:* Redwood may recommend the services of a third-party investment manager. Through Separate Accounts, Redwood assists clients to systematically create a diversified portfolio based on the information provided by the client and based on their investment objectives and individual needs. From this information, accounts will be managed in the form of a Model Portfolio in the Separate Account. Through the Separate Accounts, Redwood will be responsible for assisting you with identifying your risk tolerance and investment objectives and recommending a Separate Account manager. The third-party investment manager will have the power and authority to supervise and direct all investment decisions for those accounts designated by Redwood on a discretionary basis, including the purchase and sale of securities and any other transactions unless specifically directed otherwise in writing.

Redwood monitors the use of investment managers and ensures clients are placed with managers that are appropriate for the client's risk tolerance and goals. The services provided by an Investment Adviser Representative when recommending a third-party investment manager include the following: manager due diligence, risk tolerance assessment, asset allocation, financial planning, client servicing. Prior to selecting other advisers, Redwood's due diligence includes the confirmation that each of these other managers is properly licensed and registered as an investment adviser. When discretionary authority is provided, Redwood will have the authority to allocate and reallocate client assets among various third-party investment managers.

The firm may manage assets on a discretionary basis, as specified. As of December 2023, the firm had \$381,000,000.00 in discretionary assets under management.

## **Item 5. Fees and Compensation**

*Account Management:* The specific manner in which fees are charged by the Firm is established in a client's written agreement. Fees are based on a percentage of assets under management and calculated at an annual rate and billed in advance on a quarterly basis. This rate will not exceed 2.90%. The rates to be applied depend on, but are not limited to, the type of assets under management, the composition or structure of the account, the investment strategy used to manage the account, the size of the account, and the services required by the client. We may also consider related accounts (e.g., IRA accounts, familial accounts, etc.). Fees are negotiable at the account opening. Fees in excess of 3% are higher than industry norms. Other investment advisors may offer programs that charge similar fees may not charge separately for brokerage and transaction costs.

Fees are generally debited directly from the clients but may be billed separately at the client's request. The first payment will be prorated to cover the period from the date the Account is opened through the end of the current calendar quarter. Thereafter, the fees will be payable quarterly in advance at the beginning of each calendar quarter based on the net market value of the account prior to the opening of trading on the first business day of such quarter. The fee will be calculated by multiplying market value of the account by the annual fee and then dividing that result by four, which represents each quarterly fee. Net asset value includes all cash and all other assets of the account (valued at liquidation value) under management after taking into account all brokerage commissions and fees, and other expenses of the Account. Deposits of \$250,000 or more made during the calendar quarter will be prorated and charged in advance.

Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar quarter and excess fees will be rebated back to the client.

*Separate Accounts:* Your account will be charged a fee that is negotiated between you and Redwood which will be specified in your Agreement with the third-party money manager and in the manager's disclosure statements. Our portion of the fee will not exceed 2.40%; 0.50% is paid to the third-party investment manager. All fees are calculated and collected by the third-party money manager who delivers our portion of the advisory fee to us. Fees are charged per the client agreement and are generally charged quarterly in advance based on the account value on the last business day of the prior calendar quarter.

By agreement, the combined total fee charged to each client by the IAR and third-party money manager shall not exceed 2.90% of the client's assets under management. IARs are compensated by adding their

fee schedule for their services to the management fee for the third-party manager. Fees in excess of 3% are higher than industry norms. Other investment advisors may offer programs that charge similar fees may not charge separately for brokerage and transaction costs.

#### General Information

The advisory fees and transaction charges do not cover charges imposed by third-parties including, but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. We are only compensated by the advisory fee described above. In addition, each mutual fund or third-party money manager charges asset management fees, which are in addition to the advisory fees charged by our firm. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. The Management Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

Clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an Advisory Account with Redwood. Transaction fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. All fees described herein may be subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Lower fees for comparable services may be available from other sources.

#### Account Termination

The client and/or the firm may initiate termination of the contract at any time by sending written notice to the contra party and will be accepted the day that it is received by the contra party. A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing the advisory agreement.

If you instruct Redwood to terminate your advisory contract and liquidate your account, we will proceed with liquidation of your account in an orderly and efficient manner. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable, and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's

account is subject to market risk. Redwood and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

## **Item 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 on or capital appreciation of the assets of a client).

## **Item 7. Types of Clients**

Redwood provides portfolio management services to individuals, high net worth individuals, corporations, and other business entities. Redwood has no account minimums.

Certain managers, who are offered by Redwood, may require a minimum as disclosed in the individual manager's Firm Brochure. Under certain circumstances, their minimum may be waived by including related accounts that may be combined to meet the minimum.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of stock portfolios, mutual funds, fixed income securities and in some instances, alternative investments. If an alternative investment is recommended, the same analysis of drawing information from research materials, corporate filings and prospectuses will be followed, plus ensuring the client is of accredited investor status.

Investment recommendations are based on an analysis of the client's individual needs and are drawn from research and analysis. Security analysis methods may include the following:

- Fundamental analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- Technical analysis and charting: We attempt to determine the trend of a security by studying past market data, including price and volume. This presents a potential risk, as the price of a security can change directions at any time and past performance is not a guarantee of future performance.
- Cyclical analysis: We attempt to identify the industry cycle of a company to determine whether the company is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk may fluctuate based on the company's cycle stage.

Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services.

It is important to note that investing in securities involves a risk that clients should be prepared to bear.

For any risks associated with Investment Company products (including mutual funds, stocks, bonds, ETF's and alternative investments), please also refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **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.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Alternative Investments may limit your ability to redeem money and are typically less liquid than mutual funds and stocks.
- **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.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Redwood or the integrity of Redwood's management. In October of 2021, the SEC made findings that Redwood Wealth Management ("Redwood") and Benjamin Lincoln violated the custody rule in section 206(4) of the Investment Advisors Act (and the rules promulgated thereunder). Redwood neither admitted nor denied the findings but agreed to a censure and a civil penalty of \$50,000.00 and to comply with certain undertakings. Mr. Lincoln neither admitted or denied the findings but agreed to a censure and a civil penalty of \$20,000.00.

## **Item 10. Other Financial Industry Activities and Affiliations**

Redwood recommends that clients establish brokerage accounts with Charles Schwab, a member of FINRA/SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Redwood may recommend that clients establish accounts at Charles Schwab, it is the client's decision to custody assets with Charles Schwab. Redwood is independently owned and operated and not affiliated with Charles Schwab.



Through the use of Separate Account Managers, Redwood may recommend and select other investment advisers to manage the assets of clients. In doing so, Redwood receives compensation directly from these investment managers after an agreement has been created between the client and the investment manager. Prior to selecting other advisers for a client, Redwood verifies that the other advisers are properly licensed and/or registered as an investment adviser.

Certain IARs are separately licensed as insurance agents and may be Registered Representatives for Purshe Kaplan Sterling Financial Services, Inc., a FINRA Member broker/dealer. PKS Financial Services Inc. is an affiliated company of Purshe Kaplan Sterling Investments and functions as an insurance sales agency. Variable annuities may be offered through Purshe Kaplan Sterling Financial Services, Inc.; fixed insurance products, including term life and long-term care, may be offered through PKS Financial Services Inc.

Insurance products may also be offered through Hub International Insurance Services, Inc. d/b/a six4three Insurance Services LLC or Estate and Trust Services Group LLC, including term life and disability insurance.

These individuals may spend approximately 10% of their time with these aforementioned non-advisory activities. In their capacity as registered representatives or as independent insurance agents, clients will be charged separately from their advisory services. This poses a conflict of interest to the extent that there is a financial incentive to recommend securities and other insurance products that may result in commissions, brokerage fees or other payments. Redwood is dedicated to acting in your best interests based on fiduciary principles. You are under no obligation to purchase any recommended brokerage products or insurance products. Please note, Pennsylvania clients will not be offered insurance products unless and until someone at Redwood is licensed in Pennsylvania to sell insurance products.

Neither Redwood Wealth Management, LLC, nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## **Item 11. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

Redwood has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Redwood must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of Redwood may buy or sell securities that are recommended to clients. Redwood's employees and persons associated with Redwood are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Redwood and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Redwood's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests

of the employees of Redwood will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Redwood's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Redwood and its clients.

Advisors may recommend and trade in the same securities with clients and/or related accounts at or about the same time. Generally, this would pose a conflict if the Advisor or related account were given a better price than the client. To mitigate this conflict, it is procedure to not trade an Advisors account or related person's account on the same day as a client unless the client gets the better price. As a practice, Redwood and all related persons do not buy or sell for a client's account investments in which Redwood or any related person has a material financial interest.

Trades may be done on an aggregated basis when consistent with Redwood's obligation of best execution. In such circumstances, the Advisor (or related account) and client accounts will share commission costs equally and receive securities at a total average price. Redwood will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Before entering or renewing an advisory agreement with a client, Redwood will disclose in writing any material conflicts of interest which could be reasonable expected to impair the rendering of unbiased and objective advice regarding the investment adviser, its representatives or any of its employees.

Redwood's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Benjamin Lincoln at (888) 552-1905.

## **Item 12. Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab. Charles Schwab is a registered broker-dealer that charges brokerage commissions or transaction fees for effecting securities transactions. As the custodian holding your account, Charles Schwab does not generally charge separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed. When selecting a custodian to recommend, a number of factors were considered, including their financial strength, reputation, execution capabilities, pricing and services offered.

Charles Schwab makes products and services available to Redwood that benefit Redwood but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of Redwood accounts. Some of these products and services provided includes software and other technology that provides access to client account data (such as trade confirmations and account statements); provides research, pricing and other market data; facilitates payment of fees

from clients' accounts; and assists with back-office functions, recordkeeping and client reporting. When client brokerage commissions are used to obtain research or other products or services, Redwood receives a benefit because we do not have to produce or pay for the research, products or services ourselves. As a result of these services provided, commissions may be higher than those charged by other broker-dealers. We use soft dollar benefits to service all of our accounts, instead of using them exclusively for the accounts that generated the soft dollar benefits. We make no effort to allocate soft dollar benefits to clients in proportion to the amount of soft dollar benefits generated by each client. Within our last fiscal year, we used client brokerage commissions to acquire the products and services listed above under "Soft Dollar Benefits." The soft dollar benefits provided by Charles Schwab are eligible research or brokerage services under section 28e of the Securities Exchange Act of 1934.

If negotiated, we will permit you to direct us to execute transactions through a specified broker-dealer that holds your account. In such an arrangement, we do not select the broker-dealer to execute your transactions. You will negotiate the terms and arrangements with your broker-dealer of choice, and we will not be in a position to seek better execution services or prices from other broker-dealers. Furthermore, we may not be able to aggregate your transactions with orders from other accounts managed by us. Consequently, you may pay higher commissions or transaction cost than otherwise would be the case.

You and our other clients can benefit when we aggregate trades to obtain volume discounts on execution costs. Trade aggregation refers to the practice of combining orders for execution. When consistent with our duty to obtain best execution, we will aggregate multiple client transactions into a single order in order to obtain the best price for our clients. In such circumstances, the accounts will share commission costs equally and receive securities at a total average price. Redwood will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Third party money managers may custody their assets through another custodian. Redwood is not affiliated with third party money managers and does not have the ability to direct brokerage in these accounts. Please see the Brochure of the third party money manager for additional information regarding their brokerage practices.

Additionally, individuals are separately licensed as insurance agents with Purshe Kaplan Sterling Financial Services Inc. and Registered Representatives of Purshe Kaplan Sterling Investments, a FINRA member broker/dealer. Purshe Kaplan Sterling Financial Services, Inc. is a registered insurance agency engaging in life, fixed annuity and variable insurance business. Variable products will be offered through Purshe Kaplan Sterling Investments. Non-variable products will be offered through Purshe Kaplan Sterling Financial Services, Inc. Compensation will be paid directly by these entities, and is separate and distinct from advisory business. Advisors have a financial incentive to offer insurance products. However, Advisors act in a fiduciary capacity to recommend products that are suitable for clients, and clients are under no obligation to purchase insurance products. Purshe Kaplan Sterling Investments is not affiliated with Redwood through common ownership or common control. Redwood Wealth Management, LLC and our related persons do not receive client referrals from a broker-dealer or third party.

### **Item 13. Review of Accounts**

Account reviews are conducted by Benjamin Lincoln. Account performance is reviewed not less than annually. Factors that are considered during such reviews include but are not limited to the following: financial status, investment objectives and goals, targeted allocation, current allocation, performance, advisory account fees and investment restrictions. The client agrees to inform the firm in writing of any material changes to the information included in the investment profile questionnaire or any other change in the client's financial circumstances that might affect the manner in which client's assets should be invested. We may review client accounts more frequently than described above. Among factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who wish to discuss their annual review. Clients may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

### **Item 14. Client Referrals and Other Compensation**

Redwood does not receive an economic benefit by anyone other than the client for providing investment advice and other advisory services. Redwood receives no payment for client referrals. Advisor participates in Charles Schwab's Institutional customer program and Advisor may require clients to maintain accounts with Charles Schwab and recommend Charles Schwab to clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to the clients, although Advisor receives economic benefits through its participation in the program that are typically not available to Charles Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services' access to a trading desk serving advisor participants' access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to advisor by third party vendors. Charles Schwab may also have paid for business consulting and professional services received by advisor's related persons and may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses for advisor's personnel to attend conferences). Some of the products and services made available by Charles Schwab through the program may benefit advisor but may not benefit its client accounts. These products or services may assist advisor in managing and administering client accounts, including accounts not maintained at Charles Schwab. Other services made available by Charles Schwab are intended to help advisor manage and further develop its business enterprise. These benefits received by advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Charles Schwab. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the advisor's choice/recommendation of Charles Schwab for custody and brokerage services.

### **Item 15. Custody**

Redwood has constructive custody of client funds and securities due to the fact that we have the ability to deduct advisory fees directly from client funds or securities in your account. Prior to having the fees deducted via a qualified custodian, Redwood will: possess written authorization from the client to deduct advisory fees from an account; send the qualified custodian written notice of the amount of the fee to be deducted from the client's account; send the client an itemized invoice including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. In accordance with custody rules, we will ensure that Charles Schwab or another qualified custodian maintains your account. In addition, you should receive statements at least quarterly from Charles Schwab or other selected qualified custodian. Redwood urges you to carefully review such statements and compare the official custodial records to the account statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16. Investment Discretion**

Redwood may receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold; and to make other investment decisions, including the ability to hire, fire and switch third party money managers. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients must authorize such discretion in the advisory agreement. When selecting securities and determining amounts, Redwood observes the investment policies, limitations and restrictions of the clients for which it advises.

Clients managed on a discretionary basis have the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, Redwood will notify the client that, unless the instructions are modified, it may cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund. Investment guidelines and restrictions must be provided to Redwood in writing.

### **Item 17. Voting Client Securities**

As a matter of firm policy and practice, Redwood does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients should contact their financial advisor if they have any questions and/or to obtain this information. Clients will receive their proxies directly from their custodian or transfer agent.

### **Item 18. Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about Redwood's financial condition. Redwood has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding.

Redwood does not require the prepayment of fees of more than \$500 per client and for six months or more in advance. Though fees are charged in advance, they are not charged for more than a quarter in advance.

## **Item 19. Requirements for State-Registered Advisers**

Benjamin Lincoln serves as President, CEO and CCO of Redwood. The following describes his formal education and business background:

### Educational Background

The University of North Carolina – Charlotte, BS, Business Administration (2003)

### Business Experience

| <b>Firm</b>                    | <b>Position</b>                   | <b>Dates</b>   |
|--------------------------------|-----------------------------------|----------------|
| Redwood Wealth Management, LLC | Investment Advisor Representative | 2014 - Present |
| LPL Financial                  | Registered Representative         | 2007 - 2014    |
| AG Edwards                     | Registered Representative         | 2004 - 2007    |

Mr. Lincoln is a licensed insurance agent. He may sell non-variable insurance products including life and disability. This activity occupies less than 10% of his time. Mr. Lincoln is not compensated with performance-based fees. Mr. Lincoln was found to have violated the custody rule in section 206(4) of the Investment Advisors Act (and the rules promulgated thereunder). Mr. Lincoln neither admitted nor denied the findings but agreed to a censure and a civil penalty of \$20,000.00.

## **Privacy Policy**

Redwood collects non-public information about you from the following sources:

- Information we receive from you on account applications or other forms
- Information about your transactions with Redwood or others
- Information we receive from a consumer-reporting agency

We do not disclose any non-public personal information about you to anyone, except as permitted by law. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information. If you decide to close your account(s) or you become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

Redwood restricts access to your personal account information to only those employees who need to know that information to provide products or services to you. For more information on our Privacy Policy, please contact Benjamin Lincoln at (888) 552-1905.