

Firm Brochure
(Parts 2A and 2B of Form ADV)

Sherwood Investment Services

Financial Planning & Investment Management

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This brochure provides information about the qualifications and business practices of *Sherwood Investment Services*. Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

This brochure has two parts, Part 2A and 2B, as required by the SEC. Part 2A concentrates on our business practices and is the majority of this brochure. Part 2B at the end of this document describes our education and certifications.

Additional information about *Sherwood Investment Services* is available on the SEC's website at www.adviserinfo.sec.gov or www.sherwood-investments.com.

If you have any questions, please contact us at 425-898-8989 or by email at elinger@sherwood-investments.com or visit our web site, www.sherwood-investments.com.

January 4, 2012

Material Changes

Annual Update

The Material Changes section of this brochure are updated annually when significant changes occur since the previous release of the Firm Brochure.

There are no material changes in policies, practices, fees or any substantive items from what was stated in the last Firm Brochure, dated January 19, 2011.

Material Changes since the Last Update

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

Full Brochure Available

This document contains the complete Firm Brochure. If you have any questions or would like to receive additional copies of our Firm Brochure, please contact us by telephone at: 425-898-8989 or by email at: elinger@sherwood-investments.com .

Firm Brochure

Form ADV Parts 2A & 2B

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Form ADV Parts 2A

Advisory Business

Firm Description

Sherwood Investment Services, was founded in 1996.

Sherwood Investment Services provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Sherwood Investment Services is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Sherwood Investment Services does not act as a custodian of client assets. The client always maintains asset control. *Sherwood Investment Services* places trades for clients under a limited power of attorney.

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

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

Sherwood Investment Services may furnish advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of December 31, 2011, *Sherwood Investment Services* managed 29M in investable assets for 40 clients. All (100%) of the assets are managed on a discretionary basis, and none (0%) are managed on a non-discretionary basis.

Agreements may not be assigned without client consent.

Principal Owner

Eric Linger is the principal of *Sherwood Investment Services*. There are no other direct employees.

Principal Owner's Background

The principal, Eric Linger, is a Registered Investment Advisor. He provides all investment advice and related supervisory activities.

He received a Bachelor of Science in Electrical Engineering (BSEE) from Penn State, Master of Science in Electrical Engineering (MSEE) from New York University, and an MBA from Monmouth University.

AT&T

He has held executive positions in financial planning and analytical areas at AT&T and Bell Labs. His responsibilities included making investment decisions for how capital should be recovered and for directing teams develop financial models to evaluate alternative investment opportunities and maximizing the return on invested capital.

Edward Jones

Mr. Linger managed the Edward Jones brokerage firm's branch office in Somerville, NJ. He was responsible for assisting clients achieve their short and long-term objectives. He evaluated clients' needs and adversity to risk and recommended and purchased a wide variety of investment products, including stocks, bonds, mutual funds, commercial paper, CDs, annuities, CMOs, long-term health care insurance and other insurance products.

TV Appearances

Mr. Linger appears from time to time as a financial expert on TV and is quoted in newspapers on both the East and West Coast because of his investment knowledge and insight.

Continuing Education

Mr. Linger completes over 30 credits of continuing education every year to remain an expert on financial planning, estate planning and investment strategies.

Affiliations

Mr. Linger is an active member of the prestigious organization, National Association of Personal Financial Advisors (NAPFA). Membership requires extensive experience as a fee-only investment advisor. He has received honorariums in Eta Kappa Nu, Sigma Tau, and Tau Beta Pi.

What We Will Not Do

1. We do not take possession of your funds or investments except for asset management fees that you have authorized. All funds and investments remain in your name and held by a national brokerage firm, called the custodian that you have chosen.
2. We do not profess to be able to "time the markets" to achieve extraordinary returns. We do not believe that anyone can consistently project the next "hot market". We believe that proper asset allocation and careful security selection and consideration of the economic environment will lead to the best and most consistent investment returns
3. We do not provide legal or tax advice. However, we will work with your attorney and accountant to help assure that our efforts and theirs are coordinated.

4. We do not guarantee a rate of return, or even that your portfolio will never lose money. We promise only good professional investment service. All investments carry a risk, including CDs and money market funds. At any point in time, your investments will be worth more or less than you originally invested. When you invest, you assume various risks, which depend on the assets selected.
5. We will not assign your contract to any other firm without your consent.

Types of Agreements

The following two types of agreements define the typical client relationships.

On-going Investment Management

Most clients choose to have *Sherwood Investment Services* manage their assets in order to obtain professional investment management as well as ongoing advice and life planning. All aspects of the client's financial affairs are reviewed before investing clients assets. Realistic and measurable goals are determined and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The financial review may include some or all of the following: a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

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

Hourly Agreement

Sherwood Investment Services provides hourly planning and investment advice for clients who need advice on a limited scope of work. The hourly rate for limited engagements ranges between \$150/hr. and \$250/hr. and is negotiable. The fee is established in advance with the approval of the client.

In the event that the client's situation differs substantially from that disclosed at the initial meeting, a revised fee will be provided by mutual agreement. The client must approve the change in advance of the additional work being performed when a fee increase is necessary.

Custodian

Assets are usually transacted through the custodian, TD Ameritrade. Clients may select a different custodian, but TD Ameritrade is preferred because we work directly with TD Ameritrade *Institutional Services* and not the *retail* departments of TD Ameritrade. Therefore, we have experienced low fees, a large selection of mutual funds and good customer service.

Other factors entering our decision to use TD Ameritrade Institutional Services include custodial fees charged by the broker for holding your securities, commission rates, quality of execution and record keeping and reporting capabilities. *Sherwood Investment Services* attempts to minimize the total cost for all brokerage services paid by the client. However, it may use a broker that charges a higher or lower fee for a particular type of service, such as commission rates, than can be obtained from another broker.

We seek the best execution price of investments purchased and sold for our clients but we do not guarantee that this is always or ever achieved.

The research products and services that *Sherwood Investment Services* receives from the custodian may include financial information about particular companies and industries, research software, and other products or services that may assist us in the performance of our investment decision making responsibilities. Such research and services are provided to all investment advisers with the selected custodian and are not considered to be paid for with "soft dollars". However, the commissions charged by a particular broker/custodian for a particular transaction, or set of transactions, may be more or less than the amounts another broker who did not provide research services or products might charge.

Under Federal and State laws we are required to state that a potential conflict of interest could arise from the services provided by the custodian. We do not believe such a conflict exists since we put the interests of clients first.

Type of Investments Selected

Assets are invested primarily in mutual funds, exchange-traded funds and individual bonds. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. *Sherwood Investment Services* does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities (bonds), commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts and futures contracts.

Initial public offerings (IPOs) are not available through *Sherwood Investment Services*.

Valuation of Securities

Sherwood Investment Services will value securities that are listed on a national securities exchange or on NASDAQ at the closing price, on the valuation date, on the principal market

where the securities are traded. If the securities are not actively traded, the valuation will be as stated by the custodian holding your securities.

Termination of Agreement

Services may be terminated by you or us within five business days of the date of acceptance of this agreement without penalty to you. After five business days, this agreement may be terminated by either party by providing the other party with a 30 day advance written notice. If termination occurs prior to the conclusion of any quarter, you will be billed the pro-rata portion of the annual fee. If fees are paid in advance, Sherwood Investment Services will refund the pro-rata portion of the unearned fee to you within 30 days of the termination date.

Fees and Compensation

On-going Investment Management Services

The fees and compensation discussed in this section apply to the On-going Investment Management services we provide.

Description

All securities are purchased and sold for you without commissions. (See “Other Fees”, below.) We do not receive any commissions, thereby avoiding any possible conflicts of interests. Our fee is based solely on the value of your investment portfolio

Sherwood Investment Services bases its fees on a percentage of assets under management and are negotiable.

Fee Billing Procedure

Investment management fees are billed quarterly, in *arrears*. This means that you are billed for the past three-months, after the services have been provided. Payment in full is expected.

The fee for our services is deducted directly from your account by the custodian, TD Ameritrade Institutional Services. Some or all of the accounts in your household may be grouped together and billed to one account. You must authorize us and the Custodian to deduct your investment management fee from your account to reimburse *Sherwood Investment Services* for their management services.

Account statements showing your account activity, holdings, and fees are sent to you by the custodian within 30 days of the close of each calendar quarter.

Annual Fee Schedule

The *annual* fee for our on-going investment management services is shown below. One-fourth of the *annual* fee is applied to the value of the assets under management on the last business day of the quarter to determine the *quarterly* management fee. This fee is billed at the beginning of the subsequent quarter, *after* services have been provided.

- 1.50% on the first \$250,000
- 1.25% on the next \$250,000 (from 250,000 to 500,000)
- 1.00% on the next \$500,000 (from 500,000 to 1,000,000)
- 0.90% on the next \$1,500,000 (from 1,000,000 to 2,500,000)
- 0.80% on the next \$2,500,000 (from 2,500,000 to 5,000,000)
- 0.70% on the assets above \$1,000,000.

Current client relationships may exist where the fees are higher or lower than the above fee schedule.

All accounts in your household under our management are added together to determine the total portfolio value and to give you the lowest fee on all accounts.

The minimum fee is \$250 per quarter and is negotiable.

Sherwood Investment Services, in its sole discretion, may waive its minimum fee and/or charge a lesser investment management fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Other Fees

Custodian Fees

Custodians (TD Ameritrade Institutional Services and others) may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

We receive no part of these fees. These fees are in addition to all fees paid to us. Additionally, mutual funds, ETFs, REITs, bond broker/dealers and outside managers all charge fees that are separate from our fee. We receive no part of these fees and we do not benefit in any way from these fees.

Mutual Fund Fees

Because mutual funds pay advisory fees to their investment advisors (not *Sherwood Investment Services*) and such fees are therefore indirectly charged to all holders of mutual fund shares, clients with mutual funds in their portfolios are paying both the Advisor and the mutual fund manager for the management of their assets. Such clients are therefore subject to both the Advisor's direct management fee and the indirect management fee of the mutual fund's manager.

Some mutual funds pay 12b-1 fees, distribution fees, and or shareholder service fees to broker-dealers that offer such mutual funds to their clients. These charges affect the Net Asset Value of these mutual fund shares and are thus indirectly borne by mutual fund shareholders such as *Sherwood Investment Services* clients.

Some mutual fund companies have imposed a redemption fee, which is another fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the mutual fund shares. Although a redemption fee is

deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the Funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of *Sherwood Investment Services* to sell client's securities in a period that would generate a redemption fee, *Sherwood Investment Services* might do so if in its opinion the sale is in the client's best interests or mutual fund shares must be redeemed to pay fees from the account.

A complete explanation of these charges is contained in the prospectus and "Statement of Additional Information" for each mutual fund. You can get a prospectus from the mutual fund company through its website or by telephone or mail. *Sherwood Investment Services* can also provide you with a copy.

Bond Fees

We may purchase and sell individual bonds and other fixed income securities for our clients from sources other than the Custodian, TD Ameritrade when we feel this in the best interest of our clients. An additional, small fee (currently \$24) is charged the client for this service by the custodian and is added to the cost of the purchase or sale.

Mutual Fund Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to *Sherwood Investment Services*.

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

Past Due Accounts and Termination of Agreement

Sherwood Investment Services reserves the right to stop work on any account that is more than 30 days overdue. In addition, *Sherwood Investment Services* reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in *Sherwood Investment Services*'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

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

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

Types of Clients

Description

Sherwood Investment Services provides investment advice primarily to individuals and small businesses. Clients may also include pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

It is well recognized that it is very difficult for someone to manage their *own* investments objectively. Therefore, most of our clients are individuals who recognize the importance of receiving professional, objective financial advice and on-going investment management.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is approximately \$100,000 of assets under management, which equates to an annual fee of \$1,500.

Clients with assets above \$250,000 pay a lower percentage rate on their annual fees than the fees paid by clients with smaller assets under management. When an account falls below \$66,666 in value, the minimum fee of \$250 per quarter is charged.

Sherwood Investment Services has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts within a reasonable time. Other exceptions will apply to employees of *Sherwood Investment Services* and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

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

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

Other sources of information that *Sherwood Investment Services* may use include Steele Mutual Fund data base, Morningstar Principia mutual fund information, Morningstar Principia stock information and the World Wide Web.

Investment Strategies

The primary investment strategy used for client accounts is asset allocation. The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

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

Risk of Loss

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

- **Interest-rate Risk:**
Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:**
The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:**
When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:**
Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:**
This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:**
These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:**
Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:**
Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Sherwood Investment Services is *not* a securities broker-dealer, hedge fund, futures commission merchant, commodity pool operator or a commodity trading advisor.

Affiliations

Sherwood Investment Services does *not* have arrangements with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

Sherwood Investment Services recognizes its fiduciary obligation to each client. This means that Sherwood Investment Services shall act in the client's best interest at all times, and the client's interest shall always be placed ahead of our interest. Investment opportunities must be offered first to clients before we may act on them for our selves, family members, or friends who are not clients.

The Code of Ethics sets out ideals for ethical conduct premised on the fundamental principals of openness, integrity, honesty and trust. We place the highest value on ethical conduct. We should live up not only to the letter of the Code, but also to the ideals of the Code.

We comply with both the letter and the spirit of all applicable federal and state securities laws. The Code is designed to guard against violations of securities laws and to protect the reputation of Sherwood Investment Services.

We are held personally accountable for learning, endorsing, promoting and applying this Code to our own conduct and work.

Our full Code of Ethics is available at no cost to clients and prospective clients upon request.

Participation or Interest in Client Transactions

Sherwood Investment Services and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities other than mutual funds ahead of client trades. Employees comply with the provisions of the *Sherwood Investment Services Compliance Manual*.

Personal Trading

The Chief Compliance Officer of *Sherwood Investment Services* is Eric Linger. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm do not receive preferential treatment. Since most employee trades are mutual fund or exchange funds, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Sherwood Investment Services does not have any affiliation with product sales firms (brokerage houses, discount brokers or custodians). *Sherwood Investment Services* selects the custodian for client assets based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Sherwood Investment Services transactions are through the custodian, TD Ameritrade. Clients may select a different custodian, but TD Ameritrade is preferred because we work directly with TD Ameritrade *Institutional Services* and not the *retail* departments of TD Ameritrade.

We do not make recommendations of brokerage firms and trust companies.

Sherwood Investment Services does *not* receive fees or commissions from any of these arrangements.

Best Execution

Sherwood Investment Services periodically reviews the accuracy and timeliness of the execution of trades at each custodian each quarter. The review is documented in the

Sherwood Investment Services Compliance Manual. Trading fees charged by the custodians are also periodically reviewed. *Sherwood Investment Services* does not receive any portion of the trading fees.

Soft Dollars

Sherwood Investment Services does not receive any (\$0.00) software maintenance credit from TD Ameritrade Institutional Services for having clients' assets custodied or traded at TD Ameritrade Institutional Services.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed periodically by the principal of *Sherwood Investment Services*, Eric Linger. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive monthly statements from the custodian showing the activity, management fees and client positions and balances. Clients also receive annual tax information from the custodian such as 1099 statements. Clients may also choose to review their statements and tax information on-line.

Sherwood Investment Services does not generate these statements and remains independent of all financial reports that clients receive. We will help clients interpret their statements and reports that they receive. This may involve generating reports summarizing their transactions and/or current positions.

Client Referrals and Other Compensation

Incoming Referrals

Sherwood Investment Services has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Sherwood Investment Services does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

None.

Custody

Account Statements

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

Performance Reports

Clients are urged to review the account statements received directly from their custodians and report any suspected discrepancies immediately to *Sherwood Investment Services*.

Investment Discretion

Discretionary Authority for Trading

Sherwood Investment Services has discretionary authority to manage securities accounts on behalf of clients. *Sherwood Investment Services* 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. If a blanket trading authorization has not been given, *Sherwood Investment Services* consults with the client prior to each trade to obtain their concurrence.

Discretionary trading authority expedites the placing of trades for clients, thus allowing us to better manage clients' assets and meet their investment objectives.

The client approves the custodian to be used and the commission rates paid to the custodian. *Sherwood Investment Services* does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

Sherwood Investment Services does not vote proxies on securities. Clients are expected to vote their own proxies.

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

Financial Information

Financial Condition

Sherwood Investment Services does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because 1) *Sherwood Investment Services* does not serve as a custodian for client funds or securities and 2) does not require *prepayment* of fees of more than \$500 per client six months or more in advance.

Business Continuity Plan

General

Sherwood Investment Services has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, earthquakes, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications outages, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Sherwood Investment Services has a Business Continuation Agreement with a third party to support *Sherwood Investment Services* in the event of Eric Linger's serious disability or death.

Information Security Program

Information Security

Sherwood Investment Services maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Sherwood Investment Services is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf. Such disclosures are made only to parties who understand that they have an obligation to treat the information as confidential. However, these parties might not be bound by the same confidentiality requirement that binds *Sherwood Investment Services*.

Your personal information may be disclosed as required by law or to defend our actions. We share the information necessary to execute financial transactions on your behalf with the custodian of your securities, TD Ameritrade, or other brokerage firms that we deal with to purchase and sell securities on your behalf. Your personal information is never discussed in public places, such as elevators. We do not provide your personal information to mailing list vendors or solicitors.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

Our office network is protected from malicious Internet attacks by a firewall and is frequently updated with the latest threat-prevention algorithms. Access to the PC network is allowed only to authorize users with a valid account and password and our passwords meet strict complexity requirements. All PCs and servers are protected with anti-virus and anti-spyware software which are automatically updated daily.

Our web server is hosted outside of *Sherwood Investment Services's* network and does not contain any client data of any nature and therefore does not represent a threat to your personal information even in the unlikely event of a compromise in web security. Files are backed up daily to an off-site backup and restoration site. All data being backed up is encrypted with 448-bit Blowfish encryption prior to transfer and sent through a secure 128-bit Secure Socket Layer SSL tunnel to the off-site backup datacenter.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. Our full *Privacy Statement* is delivered to you annually, as required by law.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Sherwood Investment Services requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP)

Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA)

Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.

- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Eric Linger, Certifications

Title: Principal of Sherwood Investment Services

Educational Background:

- MBA, Monmouth University
- Master of Science in Electrical Engineering (MSEE), New York University
- Bachelor of Science in Electrical Engineering (BSEE), Penn State

Additional Compensation: None

Contact information:

Phone: 425-898-8989

Email elinger@sherwood-investments.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Responsibilities & Affiliations

The principal, Eric Linger, is a Registered Investment Advisor. He provides all investment advice and related supervisory activities.

He has held executive positions in financial planning and analytical areas at AT&T and Bell Labs. He became a Registered Investment Advisor, registered with the SEC on 4/17/1996.

Mr. Linger appears from time to time as a financial expert on TV and is quoted in newspapers on both the East and West Coast because of his investment knowledge and insight. He completes over 30 credits of continuing education every year to remain an expert on financial planning, estate planning and investment strategies.

Mr. Linger is an active member of the prestigious organization, National Association of Personal Financial Advisors (NAPFA). Membership requires extensive experience as a fee-only investment advisor. He has received honorariums in Eta Kappa Nu, Sigma Tau, and Tau Beta Pi.

Prior Experience

Edward Jones

Somerville, NJ

1997-1999

Mr. Linger managed the Edward Jones brokerage firm's branch office in Somerville, NJ. He was responsible for assisting clients achieve their short and long-term objectives. He evaluated clients' needs and adversity to risk and recommended and purchased a wide variety of investment products, including stocks, bonds, mutual funds, commercial paper, CDs, annuities, CMOs, long-term health care insurance and other insurance products.

AT&T Headquarters

Basking Ridge, NJ and New York City

1975-1997

Mr. Linger's held executive positions at AT&T and Bell Labs. His responsibilities included making investment decisions for how capital should be recovered and for directing teams develop financial models to evaluate alternative investment opportunities and maximizing the return on invested capital.