

1. Cover Page

**Firm Brochure
(Part 2A of Form ADV)**

Eric Linger, DBA

Sherwood Investment Services

Financial Planning & Investment Management

Registered Investment Advisor

IARD No. 113622

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This brochure provides information about the qualifications and business practices of Eric Linger, DBA *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. Being a Registered Investment Advisor does not imply a certain level of skill or training.

The last section, Section 19, describes our education and business background.

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.

May 18, 2012

2. 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.

Pursuant to Dodd–Frank Wall Street Reform and Consumer Protection Act, the adviser is registering with the State of Washington because he has assets under management of \$100 million or less.

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

Part 2A of Form ADV

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Form ADV Parts 2A

4. Advisory Business

Firm Description

Sherwood Investment Services, was founded in 1996.

Eric Linger, DBA *Sherwood Investment Services*, provides personalized 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 approximately \$29 million 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.

Principal Owner

Eric Linger is the principal of *Sherwood Investment Services*. There are no other direct employees. He also acts as the Chief Compliance Officer.

Principal Owner's Background

The principal, Eric Linger, is a Registered Investment Advisor and the only employee. 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.

Registrations

Mr. Linger was first registered with the SEC on 4/17/1996 and worked in the state of New Jersey as an independent Registered Investment Advisor. He passed his Series 7 Exam on 11/11/1997 while working for Edward Jones. Later, he also passed his Series 63, 65 and Insurance licensing exam. In 1999 he left Edward Jones and resumed his Financial Planning and Investment Advisory practice, *Sherwood Investment Services*.

Additional Information

Please see Section 19, "Requirements for State-Registered Advisors", for additional information regarding the background and qualifications of Eric Linger, principal.

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 prior written consent.

Types of Agreements

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. Realistic 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 Investment Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

The client or the investment manager may terminate an Agreement by a 30-day written notice to *Sherwood Investment Services*. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed, including the 30-day notice period. The most recent portfolio value is used as the basis for the fee computation, adjusted for the number of days during the billing quarter.

Custodian

All assets (other than annuities) are held by a third party, called the “custodian”. The custodian is TD Ameritrade Institutional Services. We work directly with TD Ameritrade *Institutional Services* and not the *retail* departments of TD Ameritrade. The custodian for annuities is the insurance company selected by the client.

Factors entering our decision to use TD Ameritrade Institutional Services are their 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*.

Investment Restrictions

Clients may restrict the type or quantity of securities that *Sherwood Investment Services* may purchase or hold in their investment portfolio. All restrictions must be given to the advisor in writing, either on the initial agreement or any time at a later date.

See Section 16 for further details on client-imposed investment restrictions.

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, including the 30-day notice period. 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.

5. 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 you are billed for the past three-months, after the services have been provided. Payment in full is expected.

You may choose to have the fee for our services deducted directly from your account(s) by the custodian, TD Ameritrade Institutional Services, so you do not need to write a separate check. Alternatively, you may remunerate SIS directly. Some or all of the accounts in your household may be grouped together and billed to one account.

You authorize SIS and the Custodian to deduct the investment management fee from your account(s). This is necessary even if you select to remunerate SIS directly since your account(s) will be billed if you are more than 20 days delinquent in your payment.

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. *Sherwood Investment Services* sends clients invoices within this same timeframe.

Annual Fee Schedule

The *annual* management fee for our financial planning and investment management services is shown in the table below. One-fourth of the *annual* fee is the quarterly fee. It is applied to the value of the assets under our management on the last business day of the quarter. The fee is billed in the subsequent month, *after* services have been provided. There is normally no fee for investment advice on 401(k) plans held by your employer. Current client contracts may exist where the fees are higher or lower than the above fee schedule.

- 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 \$5,000,000.

Note:

1. The value of assets is as stated by the custodian, TD Ameritrade.
2. All accounts in your household under our management are added together to determine the total portfolio value and give you the lowest fee to all accounts.
3. Our management fee for all accounts in your household may be combined and deducted from one account.
4. The quarterly fee is one-fourth of the annual fee. The annual fee is shown for clarity and is not a separate or additional fee.
5. Example for a \$350,000 portfolio:

$$\text{Qtly. Fee} = 1.50\% \times 250,000 / 4 + 1.25\% \times 100,000 / 4 = \$1,250$$
6. Minimum fee is \$250 per quarter.

Sherwood Investment Services may waive the minimum fee and/or charge a lesser investment management fee based upon certain criteria including, but not limited to, historical client-advisor relationship and dollar amounts of assets managed.

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 unearned portion of fees collected in advance will be refunded within 30 days.

6. 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.

7. 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 varies and is based on a number of factors including, but not limited to, the earning power of the client, future assets that the client might add to their accounts and *Sherwood Investment Services's* relationship with relatives who are existing clients.

8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods involve considering a number of factors.

Mutual Funds: When selecting mutual funds, among the considerations are the fund's risk adjusted return; fund objective; consistency of performance with the current fund manager; fund manager tenure; research and support strength of the fund management company; fund expenses; the annual turnover ratio; and fit with the client's objectives and other investments in the portfolio.

Individual Bonds: When selecting individual bonds, among the considerations are the credit rating and outlook; taxable vs. non-taxable; insured vs. non-insured bonds; bond duration

vs. credit rating; yield to maturity; a worst-case yield; yield to call; bond coupon; current yield; and fit with the client's objectives and other investments in the portfolio.

Individual Stocks: When selecting individual stock, among the considerations are reasonable valuations; sustainable, strong earnings and revenue growth; dividend history; company outlook; and fit with the client's objectives and other investments in the portfolio

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.

9. Disciplinary Information

Legal and Disciplinary

The firm has not been involved in legal or disciplinary events related to past or present investment clients.

10. Other Financial Industry Activities & 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.

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

Code of Ethics

Sherwood Investment Services is committed to a fiduciary obligation to each client. This means that *Sherwood Investment Services* acts 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 ourselves, family members, or friends who are not clients.

The Code of Ethics sets out ideals for ethical conduct premised on the fundamental principles 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.

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, principal. He reviews all trades after they are reported on-line by TD Ameritrade Ameritrade Institutional Services. This is usually within three business days of the trade date.

12. 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. 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.

Sherwood Investment Services participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. *Sherwood Investment Services* receives some benefits from TD Ameritrade through its participation in the Program.

There is no direct link between *Sherwood Investment Services's* participation in the institutional advisor program and the investment advice it gives to its clients. However, *Sherwood Investment Services* receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

Benefits we receive from TD Ameritrade allow us to efficiently and better conduct our business for our clients. 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 *Sherwood Investment Services* 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
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to *Sherwood Investment Services* by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by *Sherwood Investment Services*. Some of the products and services made available by TD

Ameritrade through the program may benefit Sherwood Investment Services but may not directly benefit its clients. These products or services may assist Sherwood Investment Services in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help *Sherwood Investment Services* manage and further develop its business. The benefits received by *Sherwood Investment Services* or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Sherwood Investment Services endeavors at all time to put the interests of its clients first. However, the receipt of economic benefits by *Sherwood Investment Services* could create a potential conflict of interest and could indirectly influence the Sherwood Investment Services's choice of TD Ameritrade for custody and brokerage services.

Sherwood Investment Services may receive succession planning, practice valuation and equity management services from third-party vendors through by participating in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, Sherwood Investment Services may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to TD Ameritrade of the assets and trades held and placed with TD Ameritrade.

TD Ameritrade has established the TD Ameritrade Institutional Equity Management program as a means of assisting independent unaffiliated advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise *Sherwood Investment Services* and has no responsibility for *Sherwood Investment Services's* management of client portfolios or *Sherwood Investment Services's* other advice or services to clients.

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 for having them act as custodian of client assets and for their securities traded through TD Ameritrade Institutional Services.

Order Aggregation

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

13. Review of Accounts

Periodic Reviews

Client accounts are reviewed quarterly by the principal of *Sherwood Investment Services*, Eric Linger. Account reviews are performed more frequently when market conditions dictate. Reviews include determining if account holdings are still suitable or if some securities should be sold and replaced by other securities/mutual funds.

Formal annual reviews are not held with clients since it is believed that it is better for clients to be kept informed throughout the year, to the extent desired, by *Sherwood Investment Services*.

Review Triggers

Conditions that may trigger a review are changes in the performance and outlook of securities held by the client. Reviews may also be triggered by changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive monthly statements directly 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.

14. 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; personal friends; 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.

15. Custody

Account Statements

All assets are held at the custodian, TD Ameritrade Institutional Services. They 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*.

16. Investment Discretion

Discretionary Authority for Trading

Sherwood Investment Services has discretionary authority to manage accounts on behalf of clients. This means that *Sherwood Investment Services* may determine, without obtaining client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. (See Investment Restrictions, below.)

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

Investment Restrictions

While *Sherwood Investment Services* has discretion over which securities are to be purchased on behalf of clients, clients may impose certain restrictions. Clients may restrict the type or quantity of securities that *Sherwood Investment Services* may purchase or hold in their investment portfolio. For example, they may specify that no tobacco company stocks are to be purchased or held in their portfolio. All restrictions must be given to the advisor in writing, either on the initial agreement or any time at a later date.

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.

17. Voting Client Securities

Proxy Votes

Sherwood Investment Services does not vote proxies for clients. Clients are expected to vote their own proxies. We do not take any action or give advice regarding voting of proxies of your securities or regarding any companies named in class action lawsuits.

18. 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.

19. Requirements for State-Registered Advisors

Eric Linger, Personal Information

Title: Principal of Sherwood Investment Services

Age: Over 60

Contact information:

Phone: 425-898-8989

Email: elinger@sherwood-investments.com

Education

Educational Background:

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

Disciplinary Information

Arbitration Claims: None

Disciplinary Information or Claims: None

Self-Regulatory Organization Proceedings: None

Administrative Proceedings: None

Criminal Actions: None

Bankruptcy Petitions: None

Prior Brokerage/Financial 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.

Prior Business Experience

AT&T

Mr. Linger has held executive positions in financial planning and analytical areas at AT&T. 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.

Bell Labs

Mr. Linger began his professional career at Bell Telephone Laboratories as an Electrical Engineer in Military Systems Engineering. While there, Bell Labs fully sponsored him at New York University to obtain a MSEE and later fully sponsored him at Monmouth University to obtain an MBA.

Continuing Education

Mr. Linger completes over 30 credits of continuing education every year to be abreast of the latest financial planning, estate planning and investment strategies.

Honorariums

- Eta Kappa Nu
- Sigma Tau
- Tau Beta Pi.

Affiliations

Mr. Linger is an active member of the National Association of Personal Financial Advisors (NAPFA). Membership requires extensive experience as a fee-only investment advisor.

TV Appearances

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

Other Business Activities

Eric Linger is the president of his homeowners association, Shadows at Swan Lake. He spends an average of two hours per week on this function. His involvement as president of the association does not conflict with his managing client accounts or duties and responsibilities as a Financial Planner and Registered Investment Advisor.