

Disclosure Brochure

October 7, 2011

Applewood Wealth Advisors, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Applewood Wealth Advisors, LLC (hereinafter "Applewood Wealth Advisors, LLC" or the "Firm"). If you have any questions about the contents of this brochure, please contact Lori Van Dusen at (585) 267-4900. 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 Applewood Wealth Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Applewood Wealth Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Since this is Applewood Wealth Advisors, LLC' initial Disclosure Brochure, there are no material changes to report.

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Firm Disclosure Brochure

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Supervised Person Brochure Supplement(s)

Item 4. Advisory Business

Applewood Wealth Advisors, LLC is an investment advisory firm dedicated to serving the financial needs of institutions and affluent individuals. The firm provides investment management, financial planning and consulting services, and works with its clients to develop a plan that is customized to their individual goals and investment objectives.

Prior to engaging Applewood Wealth Advisors, LLC to provide investment advisory services, the client is required to enter into one or more written agreements with the Firm setting forth the terms and conditions under which Applewood Wealth Advisors, LLC renders its services (collectively the “*Agreement*”).

Owned by its Principal, Lori Van Dusen, Applewood Wealth Advisors, LLC has been in business since October 2011. Since this is the Firm’s initial filing, Applewood Wealth Advisors, LLC does not currently have any assets under management to report.

This Disclosure Brochure describes the business of Applewood Wealth Advisors, LLC. Certain sections may also describe the activities of *Supervised Persons*. *Supervised Persons* are any of the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Applewood Wealth Advisors, LLC’s behalf and is subject to their supervision or control.

Investment Management Services

Clients can engage Applewood Wealth Advisors, LLC to manage all or a portion of their assets on a discretionary or non-discretionary basis. The Firm may provide clients with comprehensive financial planning and consulting services as part of the overall investment management offering. The financial planning services may include, among other things, business planning, insurance and tax and cash flow needs of the client.

As detailed in Item 8 below, the Firm consults with clients initially and on an ongoing basis to develop an investment plan that is customized to each client’s goals and objectives. This plan is generally memorialized in an Investment Policy Statement (IPS) that incorporates an asset allocation plan that the Firm believes has the highest probability of achieving the desired goals while taking the minimum risk necessary. Once created, the IPS seeks to clearly articulate the latitude and boundaries for a diversified portfolio managed by the Firm. To implement each client’s individualized plan, the Firm primarily allocates investment management assets among *Independent Managers* (defined below). Applewood Wealth Advisors, LLC ensures that clients’ investments are suitable for their goals and objectives.

Clients are advised to promptly notify Applewood Wealth Advisors, LLC if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Firm’s management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Applewood Wealth Advisors, LLC’s sole discretion, the conditions will

not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, Applewood Wealth Advisors, LLC recommends that most clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Applewood Wealth Advisors, LLC or the client and the designated *Independent Managers*. The Firm generally renders services to the client relative to the discretionary selection of *Independent Managers*, and continues to monitor and review the client's account performance and investment objectives. Applewood Wealth Advisors, LLC receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, Applewood Wealth Advisors, LLC reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that the Firm considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, Applewood Wealth Advisors, LLC's investment advisory fee set forth above. The client may incur additional fees than those charged by the Firm, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Applewood Wealth Advisors, LLC's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*.

Item 5. Fees and Compensation

Investment Management Fee

Applewood Wealth Advisors, LLC generally provides its services (which may include financial planning) for an annual fee based upon a percentage of the market value of the client's assets. Applewood Wealth Advisors, LLC' annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Applewood Wealth Advisors, LLC does not, however, receive any portion of these commissions, fees, and costs. The Firm's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee varies depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$10,000,000	1.00%
Next \$15,000,000	0.50%
Next \$25,000,000	0.40%
Above \$50,000,000	0.30%

In limited circumstances, the Firm may also provide the aforementioned services for a fixed fee which will be negotiated on a case-by-case basis.

Applewood Wealth Advisors, LLC, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Applewood Wealth Advisors, LLC generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts. In addition to *Schwab*, however, clients may maintain assets at other broker-dealers, custodians, trust companies, banks, etc. (collectively, together with *Schwab*, "*Financial Institutions*"). The Firm will work with multiple *Financial Institutions* to accommodate the needs of its clients.

The Firm may only implement its investment management recommendations after the client has arranged for and furnished Applewood Wealth Advisors, LLC with all information and authorization regarding accounts with the appropriate *Financial Institutions*.

Applewood Wealth Advisors, LLC Disclosure Brochure

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers*, custodial fees, charges imposed directly by a mutual fund or exchange-traded fund ("ETF") in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Applewood Wealth Advisors, LLC's advisory fee.

Applewood Wealth Advisors, LLC's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Applewood Wealth Advisors, LLC or *Independent Managers* to debit the client's account for the amount of their fee and to directly remit that management fee to Applewood Wealth Advisors, LLC or the *Independent Managers*. Any *Financial Institutions* recommended by Applewood Wealth Advisors, LLC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Applewood Wealth Advisors, LLC. Alternatively, clients may elect to have Applewood Wealth Advisors, LLC send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis. The *Agreement* between Applewood Wealth Advisors, LLC and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. The Firm's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Clients may make additions to and withdrawals from their account at any time, subject to Applewood Wealth Advisors, LLC's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Applewood Wealth Advisors, LLC, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Applewood Wealth Advisors, LLC may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Item 6. Performance-Based Fees and Side-by-Side Management

Applewood Wealth Advisors, LLC does not provide any services for performance-based compensation. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Applewood Wealth Advisors, LLC generally provides its services to institutions, affluent individuals, profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums

The Firm generally does not implement account minimums, but may impose a minimum fee in limited circumstances for certain legacy clients. Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Applewood Wealth Advisors, LLC. In such instances, Applewood Wealth Advisors, LLC may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis & Investment Strategies

The Firm consults with clients initially and on an ongoing basis to develop an investment plan that is customized to each client's goals and objectives. This plan is generally memorialized in an IPS that incorporates an asset allocation plan that the Firm believes has the highest probability of achieving the desired goals while taking the minimum risk necessary. The IPS focuses on issues such as short and long-term risk tolerance, liquidity needs, allowable investment options and strategies for implementation. Once created, the IPS seeks to clearly articulate the latitude and boundaries for a diversified portfolio managed by the Firm.

The Firm believes asset allocation and diversification are the primary mechanisms for aligning a portfolio's risk and return profile with the client's investment objectives. Moreover, the Firm believes a client's portfolio should be designed and allocated to emphasize consistent performance in all market cycles without significantly eroding the principal value of the portfolio. Risk management and diversification are crucial to protect against potentially challenging markets. Quantitatively, the Firm generally employs proprietary Monte Carlo simulation analysis that allows it to seek to quantify and illustrate the amount of risk that must be undertaken in order to meet a client's investment objectives.

To implement each client's individualized plan, the Firm primarily allocates investment management assets among *Independent Managers*. The Firm uses passive and active *Independent Managers*, as well as alternative investment strategies when appropriate. The Firm generally has discretionary authority to select the *Independent Managers*, and then monitors and reviews the client's account performance and investment objectives. Factors that the Firm considers in recommending each *Independent Manager* include the management style, historical performance, reputation, financial strength, reporting, pricing, research and the client's stated investment objectives.

Overall, the Firm aims to generate forward-looking return forecasts for the modeled asset classes that reflect current market conditions as well as its longer-term global views. Return forecasts are generally linked to projections of economic growth, interest rates and earnings forecasts, taking into consideration current market valuations. Specifically, the Firm uses a “building block” approach for cash and fixed income forecasts while its equity forecasts are derived from a calculation incorporating forecasted dividend yields, real earnings growth and inflation, then adjusted to reflect projected changes in price-earnings valuations. Alternative investment asset class return forecasts are based upon spreads to underlying market, risk-free rate and inflation projections. Risk projections are based largely on historical observations and relationships.

In addition to assisting its clients in developing and maintaining a long-term strategic asset allocation plan, the Firm also believes that it is necessary to take advantage of potential opportunities, such as short-term market dislocations which drive its tactical approach. The Firm constantly seeks to identify these opportunities on a regular basis and promptly presents them if it believes they would be appropriate given a particular client’s risk tolerance.

Moreover, the Firm strives to be extremely cognizant of potential risks. Another manner in which it assesses risk is through the use of multi-scenario “stress tests”. These tests provide a sense of how portfolios might be expected to perform in various near-term economic environments and facilitate discussions on whether a client’s allocation is appropriate given the range of potential outcomes.

The Firm also implements alternative investment strategies with the goal of increasing diversification and lowering the overall volatility of client portfolios. The Firm dedicates a significant portion of its resources to researching non-traditional investments including hedge funds, private equity, private real estate and commodities as those asset classes make up significant portions of its clients’ portfolios. The Firm believes these strategies can offer an excellent potential for value add.

Risks of Loss

Use of Independent Managers

As stated above, Applewood Wealth Advisors, LLC generally recommends the use of *Independent Managers* to its clients. The Firm will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers’* ability to successfully implement their investment strategy. In addition, Applewood Wealth Advisors, LLC does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

As previously stated, Applewood Wealth Advisors, LLC may recommend the investment by certain qualified clients in privately placed collective investment vehicles (some of which may be typically called

“hedge funds” or “fund of funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. These funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because some of these vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value (“NAV”), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options

contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

The Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Applewood Wealth Advisors, LLC does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Applewood Wealth Advisors, LLC is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Firm has described such relationships below.

Item 11. Code of Ethics

Applewood Wealth Advisors, LLC and persons associated with Applewood Wealth Advisors, LLC (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the Firm’s policies and procedures.

Applewood Wealth Advisors, LLC has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Applewood Wealth Advisors, LLC or any of its associated persons. The *Code of Ethics* also requires that certain of the Firm’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in the Firm’s *Code of Ethics*, none of Applewood Wealth Advisors, LLC’ *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Applewood Wealth Advisors, LLC’ clients.

When Applewood Wealth Advisors, LLC is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Applewood Wealth Advisors, LLC is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact the Firm to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Applewood Wealth Advisors, LLC generally recommends that clients utilize the brokerage and clearing services of *Schwab* for investment management accounts. In addition to *Schwab*, however, clients may maintain assets at other *Financial Institutions*. The Firm will work with multiple *Financial Institutions* to accommodate the needs of its client base.

Factors which Applewood Wealth Advisors, LLC considers in recommending *Financial Institutions* to clients include their respective financial strength, reputation, execution, pricing, research and service. Certain of these *Financial Institutions* enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Financial Institutions* may be higher or lower than those charged by other companies.

The commissions paid by Applewood Wealth Advisors, LLC' clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Applewood Wealth Advisors, LLC determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. The Firm seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom Applewood Wealth Advisors, LLC and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. Applewood Wealth Advisors, LLC periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Applewood Wealth Advisors, LLC in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Applewood Wealth Advisors, LLC will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Applewood Wealth Advisors, LLC (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Applewood Wealth Advisors, LLC may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. Applewood Wealth Advisors, LLC may (but is not obligated to) combine or "batch" such orders to obtain best execution, to

negotiate more favorable commission rates, or to allocate equitably among Applewood Wealth Advisors, LLC' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Applewood Wealth Advisors, LLC' clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Applewood Wealth Advisors, LLC determines to aggregate client orders for the purchase or sale of securities, including securities in which Applewood Wealth Advisors, LLC' *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Applewood Wealth Advisors, LLC does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Applewood Wealth Advisors, LLC determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Applewood Wealth Advisors, LLC in its investment decision-making process. Such research generally will be used to service all of Applewood Wealth Advisors, LLC' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because the Firm does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

The Firm may receive from *Financial Institutions* without cost to Applewood Wealth Advisors, LLC, computer software and related systems support, which allow the Firm to better monitor client accounts maintained at these *Financial Institutions*. Applewood Wealth Advisors, LLC may receive the software

and related support without cost because the Firm renders investment management services to clients that maintain assets at the *Financial Institutions*. The software and related systems support may benefit Applewood Wealth Advisors, LLC, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a *Financial Institution* creates a conflict of interest since these benefits may influence Applewood Wealth Advisors, LLC's choice of a *Financial Institution* over another *Financial Institution* that does not furnish similar software, systems support, or services.

Additionally, Applewood Wealth Advisors, LLC may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

The Firm monitors clients' investment management portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. Applewood Wealth Advisors, LLC contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients will also receive a report from Applewood Wealth Advisors, LLC that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a periodic basis. Clients should compare the account statements they receive from their broker-dealer or custodian with those they receive from Applewood Wealth Advisors, LLC.

Item 14. Client Referrals and Other Compensation

Applewood Wealth Advisors, LLC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, Applewood Wealth Advisors, LLC is required to disclose any direct or indirect compensation that it provides for client referrals. The Firm does not compensate persons for client referrals.

Item 15. Custody

As stated above, Applewood Wealth Advisors, LLC' *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Applewood Wealth Advisors, LLC through such *Financial Institution* to debit the client's account for the amount of the Firm's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules.

The *Financial Institutions* recommended by Applewood Wealth Advisors, LLC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Firm. In addition, as discussed in Item 13, Applewood Wealth Advisors, LLC also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from the Firm.

Item 16. Investment Discretion

Applewood Wealth Advisors, LLC is given the authority to exercise discretion on behalf of clients. The Firm is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Applewood Wealth Advisors, LLC is given this authority through a power-of-attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Applewood Wealth Advisors, LLC generally takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Applewood Wealth Advisors, LLC is required to disclose if it accepts authority to vote client securities. The Firm does not vote client securities on behalf of its clients. Proxies are generally voted by the respective *Independent Managers*.

Item 18. Financial Information

Applewood Wealth Advisors, LLC does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, the Firm is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Applewood Wealth Advisors, LLC has no disclosures pursuant to this Item.

Applewood Wealth Advisors, LLC

a Registered Investment Adviser

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Prepared by:



MARKETCOUNSEL®
The Adviser's Advisor®